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INSURANCE FACTS

1980-81 Edition

- Property
- Liability
- Marine
- Surety

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PROPERTY/LIABILITY INSURANCE AT A GLANCE

The property/liability insurance business comprises more than 2,800 individual companies which operate in a highly competitive environment. Although about 900 of those companies write most of the business, no single company has more than 7.5 per cent of the market.

In 1979, property/liability insurance companies employed some 476,700 persons, according to government statistics. An additional 625,700 persons were engaged in agency or brokerage operations and insurance service organizations on behalf of the insurance industry as a whole, including the property/liability, life and accident and health segments.

Operating Results, Property/Liability Insurers, 1977-1979
(000 omitted from dollar figures)

	1979	1978	1977	% Change 1978-1979	% Change 1977-1978
Assets	$174,227,967	$149,097,274	$126,613,185	+ 16.9	+17.8
Net Premiums Written	90,122,619	81,689,931	72,396,929	+ 10.3	+12.8
Statutory Underwriting Gain/Loss	23,606	2,548,143	1,926,315	− 99.1	+32.3
Policyholder Dividends	1,324,377	1,251,811	814,513	+ 5.8	+53.6
Net Underwriting Gain (Loss)	(1,300,772)	1,296,332	1,111,803	−200.3	+16.5
Net Investment Income	9,973,238	7,614,037	6,229,640	+ 31.0	+22.2
Operating Earnings After Taxes	7,383,150	7,253,742	6,242,424	+ 1.8	+16.2
Policyholders' Surplus	42,456,101	35,378,833	29,300,386	+ 20.0	+20.7
Premium to Surplus Ratio	2.12 to 1	2.31 to 1	2.47 to 1		
Dividends to Stockholders	$ 1,759,800	$ 1,384,854	$ 1,066,507	+ 27.1	+29.7

Source: Best's Aggregates & Averages.

INSURANCE FACTS
1980-81 Edition

This yearbook is intended to provide some basic facts relating to the property and liability insurance business for editors, writers, speakers, teachers, students, insurance people and others.

Insurance Facts is published annually by the Insurance Information Institute, an educational, fact-finding and communications organization for the property and liability insurance business. The Institute is supported by more than 200 insurance companies, both stock and mutual, and also provides public relations services to other organizations in the fields of property, liability, fidelity, surety and marine insurance.

The cooperation of other insurance organizations, governmental agencies and commercial publishers of insurance data has helped to make this yearbook possible. We are particularly grateful to A.M. Best Company, Inc., for making available some of its compilations of insurance statistics; to the National Fire Protection Association for permitting us to publish certain of its copyrighted data concerning fire losses, and to the National Safety Council for its cooperation in providing certain accident-related data.

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1 Scope of the Business

AN OVERVIEW OF INSURANCE

The business of insurance in the United States is divided into three broad categories: life insurance, health insurance and property and liability insurance. Altogether it provides more than 1.8 million jobs and has responsibility for assets which at the end of 1979 totaled more than $606 billion. But its greatest significance in the American economy is as an absorber of personal and business risks.

The property and liability segment of the insurance business is responsible for assets which at year-end totaled about $174 billion. It provides hundreds of forms of financial protection against virtually every known peril.

Data from U.S. government sources indicate that property and liability insurance companies employed some 476,700 persons, on the average, in 1979. Those and other sources estimate that another 626,000 persons are engaged in agency or brokerage operations and insurance service organizations, but do not distinguish between personnel employed in the life insurance or health insurance business and those with responsibilities in the property and liability field.

There are about 4,800 insurance companies domiciled in the U.S. Some of these companies sell all lines of insurance; many specialize in one or more fields. Some 2,867 companies sell some form of property and liability insurance, and related lines, including inland marine coverages and surety and fidelity bonds. A vast majority of the business is written by about 900 companies that operate in all or most states.

The property and liability insurance business plays a major role in keeping the American economy moving. Insurance coverages backstop the extensive commercial and consumer credit system of our nation. Further, surety bonds are required on almost all public works and commercial construction, to protect against loss in the event the contractor fails to fulfill his obligations.

In large part because of insurance coverage, Americans—business owners and employes, home owners, housewives—have more financial protection and a greater sense of security than any people anywhere have ever enjoyed in the history of the world.

PROPERTY/CASUALTY INSURANCE IN 1979-1980: A REVIEW

The property/casualty insurance business in 1979 began what is generally believed to be the downside of the underwriting cycle as the industry registered a net loss of approximately $1.3 billion on underwriting operations.

The figure reflects a statutory underwriting gain of about $23.6 million less an estimated $1.32 billion in policyholder dividends (payments to insureds based on experience for certain lines of insurance in certain states). In 1978, there had been a net underwriting gain of $1.296 billion.

Investment income in 1979, at $9.97 billion, was up 31 per cent from the previous year, but net income after taxes, $6.5 billion, was down 9.7 per cent from 1978. Policyholders' surplus, a gauge of the industry's financial strength, rose 20 per cent to about $42.5 billion.

Property/casualty premiums in 1979 totaled $90.1 billion, 10.3 per cent higher than in the previous year. The ratio of premiums to policyholders' surplus was 2.12 to 1, close to the 2 to 1 ratio that many insurance experts consider to be ideal.

Impact of Inflation

Inflation, again, was a factor for the insurance industry to reckon with. While the U.S. Department of Labor's Consumer Price Index recorded an 11.3 per cent increase in the overall cost of living, auto insurance premiums rose only 5.6 per cent, and property insurance went up 9.7 per cent.

CPI increases in costs of goods and services related to auto insurance claims included: auto maintenance and repair, 10 per cent; medical care, 9.3 per cent; physicians' services, 9.2 per cent, and hospital rooms, 11.4 per cent.

CPI increases in costs for which property insurance pays included: housing maintenance and repairs, 10 per cent; paint, wallpaper, supplies, tools and equipment, 10 per cent; lumber, awnings, glass and masonry, 7.4 per cent; plumbing, electrical, heating and cooling supplies, 7.9 per cent. Residential construction costs rose 13.3 per cent.

Auto Rating

The industry in 1979 developed two auto rating programs which recognize two changing "facts of life" with regard to auto insurance claims, and which as of September, 1980, had been approved for use in about four out of five states. Based on studies which provide a measure of the "damageability" of different makes and models of

cars, Vehicle Series Rating provides for premium rates taking the loss characteristics of each model into account.

Traditionally, the physical damage portion of the auto insurance premium has gone down as cars aged. But inflation in the cost of auto parts and repairs has resulted in increasing claims costs for damaged older cars. Model Year Rating was established to solve this problem. It assigns a rating to a vehicle based on its make and model year, with the rate to be retained until an overall rate revision is implemented. When experience shows that a model year's experience is better or worse than anticipated, appropriate adjustments may be made.

Crime, accidents, fire and catastrophes affect the property/casualty business each year:

- Insurers in 1979 paid claims totaling more than $1.68 billion (almost twice the previous record) for a record 54 catastrophes (major windstorms and other incidents causing insured losses of a million dollars or more each). The largest single insured loss, of $752.5 million, was produced by Hurricane Frederic in September.
- Although U.S. traffic accidents dropped by more than 1 million from 1978 to 1979, the resulting economic losses rose 7 per cent to some $56.37 billion.
- Property losses from fires rose 21 per cent in 1979 to $4.85 billion.
- Crimes against property were up 8.9 per cent in 1979. Dollar losses from robbery, burglary, larceny and vehicle theft were estimated at $7.05 billion, 29 per cent higher than the 1978 total.

Among other developments:

Regulation

The much-discussed Metzenbaum bill, which would remove the industry's exemption from federal anti-trust laws under the McCarran-Ferguson Act, was introduced in March, 1980, but was the subject of only one day of hearings at that time. However, expectations were that there would be new initiatives along this line in 1981.

In October, 1979, the General Accounting Office issued a report that was generally critical of some aspects of insurance regulation as it exists, but the report stopped short of recommending federal regulation.

Also in October, 1979, the U.S. Commerce Department produced the final version of its Uniform Product Liability Act which was sent to the states for consideration.

The Product Liability Risk Retention Act of 1979—which would allow businesses to form insurance cooperatives to handle their product liability risks—was the subject of lengthy hearings at which insurers objected to the federal regulation aspects of the bill. In July, 1980, a substitute draft was produced which removed the element of federal control. It was expected that the alternative proposal would at

least serve as a prototype for the next Congress if nothing were resolved before the adjournment in 1980.

The Fair Insurance Information Practices Act was introduced in 1979, but after extensive hearings there was no privacy legislation passed. The feeling of Congress appeared to be that states should first be given an opportunity to act on this matter, perhaps following the model privacy bill of the National Association of Insurance Commissioners.

Competitive Pricing

The National Association of Insurance Commissioners had under advisement late in 1980 a report by its Advisory Committee on Competitive Rating recommending greater reliance on "properly structured" price competition as "the most effective way to assure the availability of property/casualty insurance at costs that are fair, reasonable and not excessive." The report was issued in the wake of an intensive study of NAIC's draft of a model "competitive rating" law.

In 1979 the Insurance Committee for Arson Control was formed to coordinate and focus what long had been insurers' leading role in efforts to suppress a major crime. Under the committee's guidance scores of arson task forces have been formed in localities around the country.

Nineteen states in 1979 enacted arson immunity reporting laws, which protect from civil liability those (including insurers) who report suspected arson to authorities. At last count, 38 states had such laws.

First U.S. Insurance Exchange

Three states took steps in 1979 to create insurance exchanges to facilitate the insuring of large, unusual or other hard-to-place risks in the American market. The first such exchange, in New York, opened for business March 31, 1980. Illinois passed enabling legislation and Florida authorized a study which subsequently recommended establishment of an exchange.

Insurers agreed to provide half the $1 million pledged by corporations and foundations to establish the Rand Corporation's Institute for Civil Justice. The institute first will concentrate on: the role of the civil justice system, particularly the courts, in shaping social policy; the court-centered dispute resolution process; and the substantive rules governing compensation for injury to persons or property.

Insurers increasingly contributed money and other resources to efforts to revitalize urban areas in many parts of the country. One of the most dramatic examples is the Ford Foundation's $9.35 million Local Initiatives Support Corporation. Two insurers are providing two-thirds of the $4.6 million share of the program assumed by corporate sources.

PROPERTY-LIABILITY INSURANCE COMPANIES BY STATE

The property and liability insurance business in the United States comprised 2,867 individual companies early in 1980, according to information provided by the insurance departments of the various states. Of those companies, about 900 operate in all or most states and among them write a vast majority of the business. The other, smaller companies perform vital insurance services limited to persons in sharply defined geographical areas or to persons who are members of specialized groups, such as farmers.

Home offices of the companies are scattered among the 50 states and the District of Columbia. Twenty-nine states house 30 or more companies each.

The greatest number of companies have their home offices in Illinois — 290. There are 209 insurance companies headquartered in Wisconsin, 208 in New York and 207 in Pennsylvania.

The number of property and liability insurance company home offices in each state is listed below.

Property-Liability Insurance Companies By State, 1980

State	Home Offices	State	Home Offices
Alabama	21	Missouri	77
Alaska	8	Montana	5
Arizona	17	Nebraska	38
Arkansas	31	Nevada	1
California	127	New Hampshire	30
Colorado	39	New Jersey	39
Connecticut	35	New Mexico	11
Delaware	82	New York	208
District of Columbia	12	North Carolina	54
Florida	37	North Dakota	39
Georgia	28	Ohio	147
Hawaii	11	Oklahoma	56
Idaho	5	Oregon	12
Illinois	290	Pennsylvania	207
Indiana	103	Rhode Island	17
Iowa	48	South Carolina	27
Kansas	35	South Dakota	57
Kentucky	34	Tennessee	41
Louisiana	15	Texas	183
Maine	23	Utah	8
Maryland	24	Vermont	13
Massachusetts	47	Virginia	43
Michigan	49	Washington	21
Minnesota	175	West Virginia	20
Mississippi	5	Wisconsin	209
		Wyoming	3

Source: State Insurance Departments.

EMPLOYMENT IN INSURANCE

Employment in all segments of the insurance business in the United States increased by about 3.6 per cent in 1979. The number of persons employed by companies in the property/casualty sector rose 3.5 per cent.

Data compiled by the U.S. Department of Labor show that industry-wide employment rose from 1,586,600 in 1978 to 1,644,000 in 1979. The data include increases from 460,600 to 476,700 in property/casualty company personnel, and from 392,800 to 430,700 in the number of agents, brokers and service personnel in all segments of the insurance business. However, according to the American Council of Life Insurance, the government data do not include a significant number of independent agents and agency staff employees—189,400 in 1978 and 195,000 in 1979.

Since 1970, employment industry-wide has climbed by some 26 per cent, while employment among property/casualty companies has risen by 30.3 per cent.

Separate data compiled by the Equal Employment Opportunity Commission show that:

- members of minority groups constituted 15.5 per cent of all insurance personnel in 1978, up from 10.7 per cent in 1970.
- women constituted about 60 per cent of the insurance industry workforce in 1978, as compared with 55 per cent in 1970.
- the percentage of women employees classified as insurance officials or managers almost doubled from 1970 (10.8 per cent) to 1978 (21.5 per cent).
- women comprised 35.8 per cent of all professional employees in insurance in 1978 (up from 16.9 per cent in 1970) and 63.2 per cent of insurance technicians (up from 38.4 per cent in 1970).

The growing interest of women in insurance careers is further reflected in data from The College of Insurance which show that the percentage of women enrolled in the college's degree-granting programs rose from about 6 per cent in 1970 to 28 per cent in 1979.

Employment in Insurance, 1970-1979
(Annual Averages)

	Property/Casualty Companies	Other Companies	Agents, Brokers & Service Personnel	All-Industry
1970	365,800	663,900	430,300	1,460,000
1975	385,400	699,900	554,700	1,640,000
1976	399,400	701,900	573,700	1,675,000
1977	429,000	717,000	544,000	1,690,000
1978	460,600	733,200	582,200	1,776,000
1979	476,700	736,600	625,700	1,839,000

Sources: Company data, Bureau of Labor Statistics, U.S. Department of Labor; agents, brokers and service personnel and all-industry figures, Bureau of Labor Statistics data adjusted to account for American Council of Life Insurance estimates of additional independent agents and staff personnel.

PROPERTY-LIABILITY INSURANCE IN THE WORLD MARKET

The United States' share of the free world insurance market, which had exceeded 50 per cent for many years before dropping to 48.66 per cent in 1977, declined further in 1978 despite an increase of more than 10 per cent in premium volume. The U.S. accounted for 45.2 per cent of the free world market in 1978.

Rapidly expanding markets in other major countries were seen as a primary cause for the decline in the U.S. share. Although the U.S. insurance industry recorded an increase of some 10.4 per cent in premium volume from 1977 to 1978, even more significant increases were reported for Japan, whose volume jumped 41 per cent; West Germany, 26.1 per cent, and Great Britain, 22.4 per cent.

However, the economic significance of the insurance industry in the United States, measured in terms of its relationship to the gross national product, continued to be impressive. A 1980 study by the Swiss Reinsurance Company of Zurich, Switzerland, measured the nation's world-leading ratio of premiums to the GNP at 7.54 in 1978, down slightly from the 1977 ratio of 7.62.

The relative position of the U.S. in the world market was expected to be enhanced as a result of the establishment in 1980 of the New York Insurance Exchange and free trade zone. The exchange is a facility for the underwriting of reinsurance of all kinds, as well as direct insurance on all kinds of risks located entirely outside the United States and on risks which are rejected by the free trade zone.

Free world premium volume increased from $298 billion in 1977 to $354.7 billion in 1978, according to a report by North American Reinsurance Corporation. The table below lists the 10 leading insurance countries, based on the total premium income from direct domestic business of all national and foreign insurers.

The World's Leading Insurance Countries in 1978
(Premiums in millions of U.S. Dollars)

Position	Country	Non-Life Premiums*	Life Premiums	Total Premiums	Percentage of Total World Premiums
1	United States	$107,519	$52,931	$160,450	45.20
2	Japan	15,720	33,145	48,865	13.76
3	W. Germany	21,176	14,161	35,337	9.95
4	Great Britain	9,175	9,655	18,830	5.30
5	France	13,732	4,779	18,511	5.21
6	Canada	6,113	3,970	10,083	2.84
7	Netherlands	4,525	2,958	7,483	2.11
8	Australia	3,857	1,963	5,820	1.64
9	Switzerland	2,949	2,720	5,669	1.60
10	Italy	4,812	833	5,645	1.59

**Including accident and health.*

Source: North American Reinsurance Corporation.

OWNERSHIP OF INSURANCE

More than nine of every 10 American home owners and car owners carry insurance to protect themselves against potentially disastrous financial losses, according to a countrywide survey conducted by the Insurance Information Institute in March, 1980.

They study indicated that 69 per cent of U.S. households own, and 31 per cent rent, their residences. Of the owner-occupied homes, about 93 per cent are covered by fire insurance. The study made no distinction between those who purchase homeowners package policies, which cover many other perils as well as fire, and those who purchase separate fire insurance policies.

Some 83 per cent of the home owners said they insure their household contents. Only 6 per cent of home owners said they carried neither fire nor household contents coverage.

Among households that rent, 26 per cent reported carrying fire insurance and 32 per cent said they insure their household contents. The percentage who have insurance protection is higher among those who rent private homes than those who occupy apartments.

The study indicated that 91 per cent of all car owners, and 96 per cent of car owners in rural areas, have automobile insurance. Among those who live in urban areas, ownership of car insurance falls off to 89 per cent. While only 83 per cent of car owners in the 18-29 age bracket said they carry auto insurance, the range was from 94 per cent to 97 per cent among older age groups.

Auto Insurance Coverage Reported by U.S. Car Owners, 1980

By Age Group	Total U.S.	18-29	30-39	40-49	50-59	60 & Older
Have Insurance	91%	83%	95%	97%	97%	94%
Do Not Have Insurance	9%	17%	5%	3%	3%	6%

By Place of Residence	Total U.S.	Urban	Suburban	Rural
Have Insurance	91%	89%	91%	96%
Do Not Have Insurance	9%	11%	9%	4%

Source: Insurance Information Institute.

Insurance Coverage Reported by U.S. Households, 1980

	Own Residence	Rent Residence		
	Total*	Total	Home	Apartment
Per cent of Households Who Have:				
Fire Insurance	93%	26%	29%	24%
Household Contents Insurance	83%	32%	36%	29%
Both	81%	19%	21%	18%
Neither	6%	61%	57%	65%

**Including about 1 per cent who own cooperatives or condominiums.*

Source: Insurance Information Institute.

NET PREMIUMS WRITTEN BY LINE

Total premiums written by insurance companies in 1979 in the U.S. for all types of insurance approximated $175 billion.

Purchases of property and liability insurance increased about 10.3 per cent in 1979. Net premiums written* by property and liability companies totaled more than $90.1 billion in 1979.

Approximate premium totals for principal property, liability and allied lines of insurance in 1978 and 1979 are tabulated below, along with the percentage of change in premium volume in each of those lines in 1979.

Net Premiums Written, Principal Lines, 1978-1979

	1979	1978	% Change
Auto Liability, Pvt. Passenger	$17,385,444,000	$16,047,775,000	+ 8.3
Auto Liability, Commercial	4,716,903,000	4,335,232,000	+ 8.8
Total Auto Liability	$22,102,347,000	$20,383,007,000	+ 8.4
Auto Physical Damage, Pvt. Passenger	$11,909,408,000	$10,540,718,000	+13.0
Auto Physical Damage, Commercial	2,628,293,000	2,294,195,000	+14.6
Total Auto Physical Damage	$14,537,701,000	$12,834,913,000	+13.3
Total, All Automobile	$36,640,048,000	$33,217,920,000	+10.3
Medical Malpractice	$ 1,204,326,000	$ 1,215,789,000	− .9
General Liability	6,612,474,000	6,490,064,000	+ 1.9
Total Liability (other than auto)	$ 7,816,800,000	$ 7,705,853,000	+ 1.4
Fire Insurance and Allied Lines	$ 4,780,650,000	$ 4,675,368,000	+ 2.3
Homeowners Multiple Peril	8,791,661,000	7,792,293,000	+12.8
Farmowners Multiple Peril	518,569,000	434,478,000	+19.4
Commercial Multiple Peril	6,666,822,000	5,829,795,000	+14.4
Workers' Compensation	13,164,144,000	11,300,144,000	+16.5
Inland Marine	2,061,306,000	1,867,189,000	+10.4
Ocean marine	1,008,816,000	1,000,203,000	+ .9
Surety and Fidelity	1,155,188,000	1,076,183,000	+ 7.3
Burglary and Theft	140,071,000	132,855,000	+ 5.4
Crop-Hail	395,855,000	351,217,000	+12.7
Boiler and Machinery	282,795,000	255,873,000	+10.5
Glass	33,457,000	34,951,000	− 4.3
Credit	57,533,000	42,572,000	+35.1
Aircraft	147,085,000	156,482,000	− 6.0

**Net Premiums written represent premium income retained by insurance companies, direct or through reinsurance, less payments made for business reinsured.*

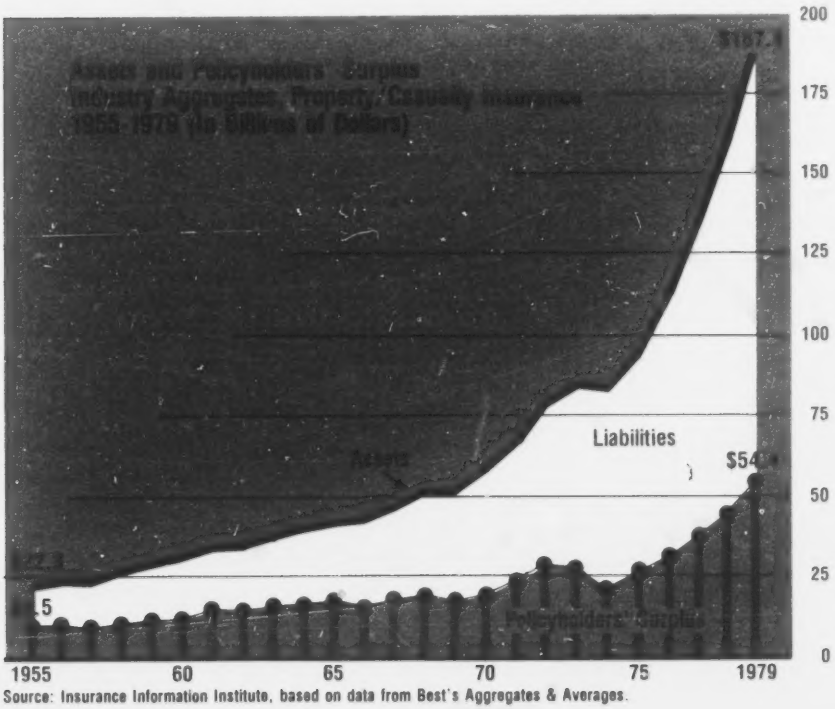
Source: Best's Aggregates & Averages; National Crop Insurance Association.

ASSETS AND POLICYHOLDERS' SURPLUS

An idea of the strength and reliability of the property and liability companies may be gained from a review of their assets and policyholders' surplus. The surplus is the sum remaining after liabilities are deducted from assets, and includes such sums as paid-in capital and special voluntary reserves. It provides additional financial protection to policyholders in the event of unexpected or catastrophic losses.

Traditionally, assets and policyholders' surplus have been reported in terms of aggregate totals, with the result that the industry-wide figures have included some duplications because of interownerships within company groups. Since these figures have been reported consistently on the same basis, however, they provide a clear reflection of historical trends. The graph below, which is based on the aggregate figures, shows that while the industry's assets have been climbing steadily, liabilities have been increasing at a greater rate than surplus.

The graph also shows that over the years there have been some fluctuations in the policyholders' surplus account. The biggest single-year decline occurred in 1974, when a $6.2 billion drop in the overall surplus account was attributed to depressed market values of securities combined with underwriting losses of more than $2.64 billion. Deflated securities values had been blamed for a lesser decline in 1973.



Source: Insurance Information Institute, based on data from Best's Aggregates & Averages.

Assets and Policyholders' Surplus (continued)

Consolidated totals, computed by eliminating interownerships, provide a more accurate picture of the industry's financial position. The table below reflects an increase of 20 per cent in policyholders' surplus from 1978 to 1979 and an increase of more than 72 per cent since 1976. Assets, up 16.9 per cent in 1979, have risen by some 65 per cent since 1976. Most of these assets are invested in government, transportation and utility bonds, high grade stocks and to some extent, in the real estate which the companies use for their own offices.

Consolidated Assets and Policyholders' Surplus 1976-1979

	Assets	Policyholders' Surplus
1976	$105,586,000,000	$24,678,013,141
1977	126,613,185,351	29,300,386,435
1978	149,097,273,952	35,378,833,175
1979	174,227,967,482	42,456,100,830

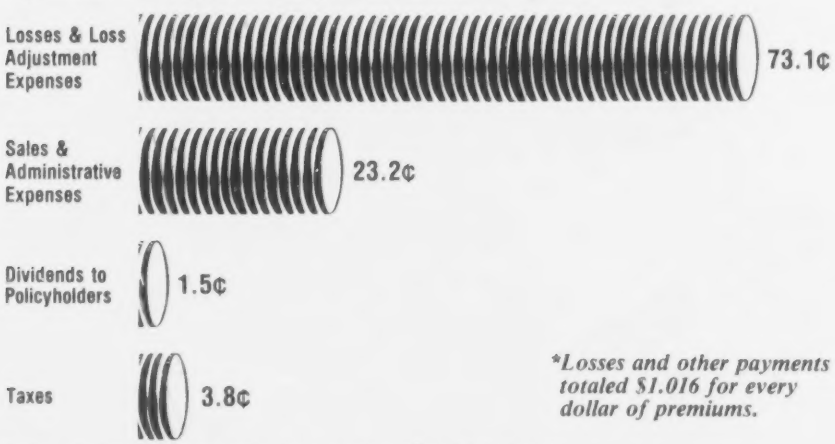
Source: Best's Aggregates & Averages

WHERE THE PREMIUM DOLLAR GOES

Losses and the expenses involved in adjusting claims accounted for more than 73 cents of every premium dollar taken in by property and liability insurers in 1979. The overall cost of underwriting operations in 1979 amounted to the equivalent of $1.016 for every dollar in premiums, although the underwriting operations are intended to yield a reasonable profit.

Even in unprofitable years, some companies pay dividends to commercial policyholders that reflect their favorable loss experience, or dividends that reflect the total loss experience of certain lines of insurance.

Where the Premium Dollar Goes
Experience of the Property/Casualty Insurance Business in 1979*



**Losses and other payments totaled $1.016 for every dollar of premiums.*

Source: Insurance Information Institute, based on data provided by A.M. Best Co.

OPERATING RESULTS, PROPERTY/CASUALTY INSURERS

Profits and losses of property and casualty insurance companies, particularly in recent years, have been subject to greater fluctuations than those of such other industries as banks, utilities and industrial companies. Separate analyses show that:

- The property/casualty business during the last quarter-century has recorded a net underwriting loss, after policyholders' dividends, of more than $10.1 billion. The industry has shown profits on underwriting operations in only 10 of the last 25 years and in only five of the last 15 years (table I).
- Investments of capital and surplus accounts, together with money set aside as loss reserves and unearned premium re-

I — Underwriting Results
Property/Casualty Insurance Business
1955-1979

	Statutory Underwriting Gain/Loss	Policyholder Dividends	Net Underwriting Gain/Loss
1955	$ 583,125,580	$ 271,506,922	$ 311,618,658
1956	92,971,026	282,933,185	-189,962,159
1957	-130,332,479	278,731,164	-409,063,643
1958	205,980,164	281,340,460	- 75,360,296
1959	426,979,850	299,492,435	127,487,415
1960	462,366,550	312,538,826	149,827,724
1961	482,088,786	317,267,523	164,821,263
1962	343,667,196	297,153,061	46,514,135
1963	-165,513,560	342,918,102	-508,431,662
1964	-325,722,907	346,383,390	-672,106,297
1965	-352,262,883	357,266,631	-709,529,514
1966	386,926,845	406,801,627	- 19,874,782
1967	233,618,824	448,577,105	-254,958,281
1968	-148,223,790	420,525,267	-568,749,057
1969	-529,899,198	518,055,044	-1,047,954,242
1970	77,776,245	503,557,640	-425,781,395
1971	1,381,800,492	555,628,714	826,171,778
1972	1,797,933,814	736,282,724	1,061,651,090
1973	791,761,321	785,697,875	6,063,446
1974	-1,878,371,405	766,526,721	-2,644,898,126
1975	-3,593,959,232	632,838,443	-4,226,797,675
1976	-1,558,551,291	630,100,279	-2,188,651,570
1977	1,926,315,435	814,512,866	1,111,802,569
1978	2,548,142,724	1,251,810,856	1,296,331,868
1979	23,605,762	1,324,377,487	-1,300,771,725

Source: Best's Aggregates & Averages.

serves, have generated income in those 25 years (table II), thus permitting companies to continue their insurance operations despite the frequent underwriting deficits.

Data provided by the National Association of Insurance Commissioners covering a nine-year period show that the industry's annual operating profit or loss (after income taxes and exclusive of capital gains) as a percentage of sales ranged from a 1.8 per cent loss in 1975 to a 5.9 per cent profit in 1978, then dropped to a 5.0 per cent profit in 1979. The NAIC found that profits considered as a return on net worth, which were 14.3 per cent in 1971, fell to a low of 1.8 per cent in 1975, reached a high of 18.0 per cent in 1978 and fell off to 15.3 per cent in 1979. A change in the method of computing profits as a return on net worth resulted in an adjustment of some of the annual figures for the years prior to 1979.

II — Investment Income, Property/Casualty Insurers*
1955-1979

1955	$ 490,964,184	**1967**	$ 1,351,764,288
1956	538,141,639	**1968**	1,511,509,149
1957	579,681,952	**1969**	1,711,806,360
1958	618,356,555	**1970**	2,005,080,766
1959	684,701,752	**1971**	2,421,495,267
1960	767,895,538	**1972**	2,799,737,168
1961	813,163,277	**1973**	3,325,344,488
1962	883,630,622	**1974**	3,832,669,322
1963	947,022,329	**1975**	4,150,203,882
1964	1,031,931,888	**1976**	4,805,938,998
1965	1,131,625,619	**1977**	6,115,120,056
1966	1,217,979,544	**1978**	7,614,036,816
		1979	9,973,237,605

**Industry aggregates less investment expenses; before taxes.*

Source: Best's Aggregates & Averages.

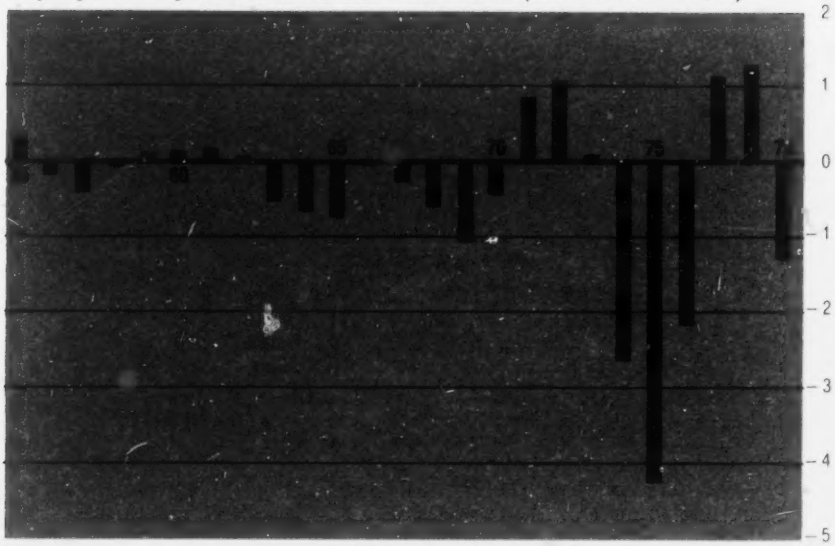
III — Combined Net Income* Before Taxes, Property/Casualty Insurers
1955-1979

1955	$ 802,582,842	**1967**	$ 1,096,806,007
1956	348,179,480	**1968**	942,760,092
1957	170,618,309	**1969**	663,852,118
1958	542,996,259	**1970**	1,579,299,371
1959	812,189,167	**1971**	3,247,667,045
1960	917,723,312	**1972**	3,861,388,258
1961	977,984,540	**1973**	3,331,407,934
1962	930,144,757	**1974**	1,187,771,196
1963	438,590,667	**1975**	76,593,793
1964	359,825,591	**1976**	2,617,287,428
1965	422,096,105	**1977**	7,226,922,625
1966	1,198,104,762	**1978**	8,910,368,684
		1979	8,672,465,880

**Includes both underwriting gains or losses and aggregate investment income.*

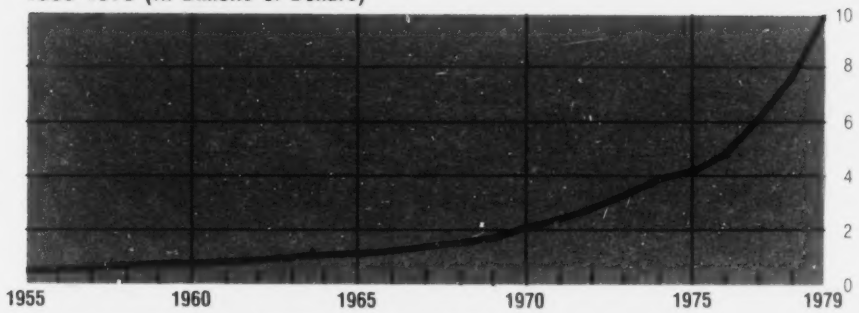
Source: Best's Aggregates & Averages.

Underwriting Gains/Losses After Policyholder Dividends
Property/Casualty Insurance Business 1955-1979 (In Billions of Dollars)



Source: Insurance Information Institute, based on data from Best's Aggregates & Averages.

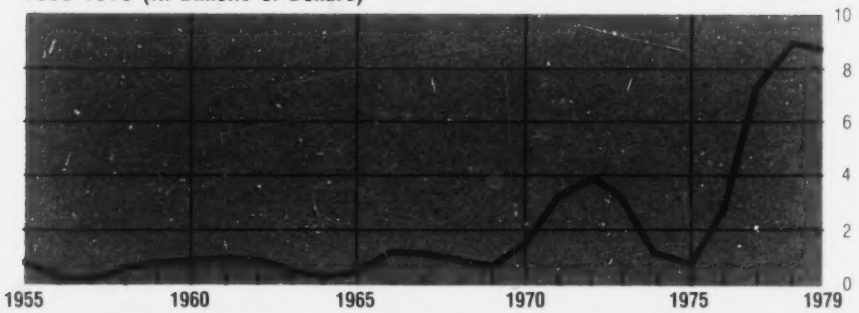
Investment Income, Property/Casualty Insurers*
1955-1979 (In Billions of Dollars)



****Industry aggregates less investment expenses; before taxes.***

Source: Insurance Information Institute, based on data from Best's Aggregates & Averages.

Combined Net Income* Before Taxes, Property/Casualty Insurers
1955-1979 (In Billions of Dollars)



****Includes both underwriting gains or losses and aggregate investment income.***

Source: Insurance Information Institute, based on data from Best's Aggregates & Averages.

NET PREMIUMS WRITTEN, 1955-1979

Total net premiums written by property and liability companies for all lines, including accident and health, have risen from $10.5 billion in 1955 to more than $90.1 billion in 1979. While many insurance groups have transferred their accident and health writings from their property and liability affiliates to their life insurance affiliates, accident and health premiums accounted for almost $3.2 billion of the total premiums written in 1979 by property and liability companies.

Total Net Premiums Written by Property and Liability Insurance Companies, 1955-1979 (000 omitted)

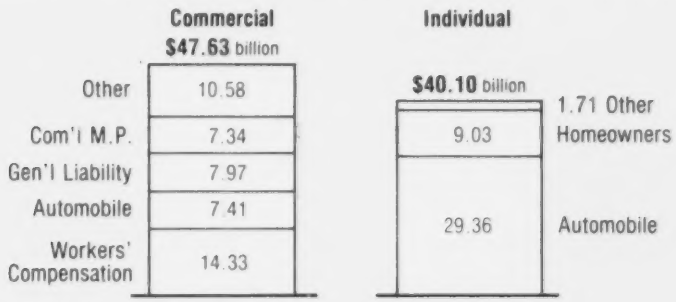
	Accident and Health	All Other	Total		Accident and Health	All Other	Total
1955	$ 803,947	$ 9,735,379	$10,539,326	**1976**	$2,120,152	$58,693,166	$60,813,318
1960	1,357,600	13,615,031	14,972,631	**1977**	2,316,734	70,080,195	72,396,929
1965	1,643,648	18,419,820	20,063,468	**1978**	2,627,884	79,062,047	81,689,931
1970	1,908,841	30,958,185	32,867,026	**1979**	3,179,250	86,943,369	90,122,619
1975	1,820,412	48,146,153	49,966,565				

Source: Best's Aggregates & Averages.

WHO PAYS THE PREMIUM DOLLAR?

Buyers of business insurance accounted for approximately 54.3 per cent of the $87,727,274,000 in direct property and liability insurance premiums written in the United States in 1979 (see page 27). Direct commercial insurance premiums amounted to an estimated $47.6 billion with the heaviest concentrations in workers' compensation, automotive coverages, general liability and commercial multiple peril "package" policies. Business insurance purchasers also control a large share of the billions of dollars spent each year for group accident and health insurance. A comparison of the property and liability insurance premiums paid by commercial and individual insurance purchasers is shown below.

Purchases of Property and Liability Insurance, 1979



Source: Insurance Information Institute, based on data provided by A.M. Best Co.

AUTOMOBILE INSURANCE

In the face of continually climbing medical, legal and automobile repair costs, a vast majority of America's 143 million motorists are recognizing the prudence of purchasing automobile insurance to protect themselves against financial hardship resulting from auto accidents.

Auto insurance, in fact, is the largest single classification of the property-liability business. The premium volume of some $36.64 billion recorded in 1979 was 10.3 per cent higher than that of the previous year and was more than double that of 1972, only seven years earlier. Auto insurance in 1979 accounted for about 40.7 per cent of the total premium volume written by property-liability insurance companies.

Automobile liability insurance comprises about 60 per cent of all auto insurance purchases. About half of the states today require their registered car owners to carry automobile liability insurance or to provide some other form of security.

This also is a form of insurance which is purchased primarily by individuals or family groups. In 1979, only about 27 per cent of all automobile insurance was purchased by industrial and other commercial buyers.

Premiums Written
1955-1979

Year	Auto Liability Insurance	Auto Physical Damage Insurance
1955	$2,495,020,000	$1,727,711,000
1960	3,882,917,000	1,993,929,000
1965	5,423,674,000	2,860,819,000
1970	8,958,243,000	4,823,564,000

	Private Passenger*	Commercial*	Private Passenger*	Commercial*
1972	$ 9,069,708,000	$2,306,215,000	$ 5,501,974,000	$1,051,965,000
1975	10,775,475,000	2,539,220,000	6,385,762,000	1,237,178,000
1976	12,899,103,000	3,152,478,000	7,987,438,000	1,577,822,000
1977	14,998,323,000	3,830,189,000	9,582,116,000	1,938,934,000
1978	16,047,775,000	4,335,232,000	10,540,718,000	2,294,195,000
1979	17,385,444,000	4,716,903,000	11,909,408,000	2,628,293,000

**Totals were not broken down into these categories prior to 1972.*

Source: Best's Aggregates & Averages.

MULTIPLE PERIL INSURANCE

Until the mid-1950's, property owners had to buy a variety of insurance coverages separately in order to obtain full coverage against such perils as fire, windstorm, burglary and theft, and to protect themselves against liability claims. While most property owners purchased fire and extended coverage insurance, many failed to take advantage of other available forms of coverage. It was to help people more adequately safeguard their resources that insurers developed the homeowners, commercial and other "package" policies offering adequate coverage against a variety of perils at a cost lower than the combined costs of the individual coverages.

The success of the package policies has had a pronounced effect on the amount of insurance written in recent years on such separate lines as fire and extended coverage, liability (other than auto), burglary and theft, inland marine and glass because of the inclusion of such coverages in the package policies.

The rapid growth in popularity of the "package" policies is illustrated by a jump in homeowners premium volume from $240.7 million in 1957 to nearly $8.8 billion in 1979, and a similarly spectacular rise, from $28.5 million to more than $6.6 billion, in premiums written for commercial package policies. Farmowners multiple peril premiums, reported separately for the first time in 1973, rose from $185 million in that year to more than $518 million in 1979.

In 1979 alone, partly as a result of rising property values, premium volumes increased sharply for all three "package" forms: homeowners, up 12.8 per cent; commercial, up 14.4 per cent, and farmowners, up 19.4 per cent.

Premiums Written 1957 - 1979

	Homeowners	Commercial	Farmowners*
1957	$ 240,680,000	$ 28,459,000	
1960	763,765,000	55,575,000	
1965	1,523,204,000	508,993,000	
1970	2,564,561,000	1,331,439,000	
1975	4,729,381,000	3,176,373,000	$259,906,000
1976	5,688,547,000	4,051,785,000	313,114,000
1977	6,765,671,000	4,890,528,000	384,567,000
1978	7,792,293,000	5,829,795,000	434,478,000
1979	8,791,661,000	6,666,822,000	518,569,000

**Not reported as a separate line prior to 1973.*

Source: Best's Aggregates & Averages.

FIRE INSURANCE AND ALLIED LINES

Despite the availability of fire insurance coverage in the popular homeowners and commercial multiple peril policies, fire insurance premium volume continues to grow. The premium volume for fire and allied lines combined was 2.3 per cent higher in 1979 than in the previous year.

Premiums Written
1955-1979

Year	Fire	Allied Lines*
1955	$1,560,549,000	$ 677,381,000
1960	1,667,385,000	738,910,000
1965	1,548,139,000	667,254,000
1970	2,199,424,000	947,958,000
1975	2,510,230,000	1,180,946,000
1976	2,810,538,000	1,291,270,000
1977	2,992,803,000	1,421,897,000
1978	3,223,389,000	1,451,979,000
1979	3,246,495,000	1,534,155,000

**Covers a wide variety of perils, including windstorm, riot, explosion, sprinkler leakage, water damage and earthquakes.*

Source: Best's Aggregates & Averages.

BURGLARY & THEFT INSURANCE

The burglary lines include coverages for loss of property (including money and securities) due to burglary, robbery or larceny, and loss of money and securities due to destruction or disappearance. Much of this coverage is now included in package policies.

Premiums Written 1955-1979

1955	$102,680,000	**1976**	$124,447,000
1960	115,939,000	**1977**	128,877,000
1965	109,716,000	**1978**	132,855,000
1970	135,320,000	**1979**	140,071,000
1975	120,083,000		

Source: Best's Aggregates & Averages.

INLAND MARINE INSURANCE

Inland marine insurance, originally developed to cover goods in transit by other than ocean vessels, today covers such instruments of transportation as bridges and tunnels as well as personal effects, personal property, jewelry, furs, fine arts and many other properties.

Inland marine premium volume increased more than 10 per cent in 1979 despite continued diversion of personal property coverages to homeowners and other package forms.

Premiums Written 1955-1979

1955	$325,636,000	**1970**	$ 811,991,000	**1977**	$1,583,966,000
1960	380,919,000	**1975**	1,266,138,000	**1978**	1,867,189,000
1965	489,104,000	**1976**	1,444,450,000	**1979**	2,061,306,000

Source: Best's Aggregates & Averages.

OCEAN MARINE INSURANCE

The American ocean marine hull and cargo market has gradually expanded in volume and capacity. Its growth reflects not only greater international trade but the increase in ownership of pleasure craft along the coastal and inland waterways.

Premium volume for ocean marine insurance exceeded the billion dollar mark for the first time in 1978 and rose slightly in 1979.

Premiums Written 1955-1979

1955	$167,999,000	**1970**	$464,682,000	**1977**	$ 953,231,000
1960	230,429,000	**1975**	860,960,000	**1978**	1,000,203,000
1965	261,737,000	**1976**	902,408,000	**1979**	1,008,816,000

Source: Best's Aggregates & Averages.

GLASS INSURANCE

Architectural demands, merchandising trends and decorative constructional functions have contributed to an ever-increasing use of glass, and an ever-increasing need for glass insurance. Although glass coverage is now included in many of the popular multiple peril package policies, premium volume for this line has been holding steady for several years.

Premiums Written 1955-1979

1955	$37,460,000	**1970**	$40,455,000	**1977**	$34,241,000
1960	47,740,000	**1975**	32,155,000	**1978**	34,951,000
1965	41,207,000	**1976**	32,492,000	**1979**	33,457,000

Source: Best's Aggregates & Averages.

GENERAL LIABILITY INSURANCE

Liability insurance (other than automobile) provides protection against claims arising from injuries to others, or damage to property of others, and for which the insured person is held responsible because of ownership of property, manufacturing or contracting operation, sale or distribution of products, the operation of elevators and the like, as well as professional services.

Sharp increases in the number of lawsuits and the average size of claims in recent years, particularly against doctors and other professional people and product manufacturers, have helped to generate a growing need for the financial protection afforded by general liability insurance. Although medical malpractice premiums have been reported separately since 1975 (see below), they are included in the following general liability totals for all years to permit a valid year-by-year comparison.

Premiums Written 1955-1979

1955	$607,596,000	**1970**	$2,139,671,000	**1977**	$6,793,809,000
1960	962,831,000	**1975**	3,980,661,000	**1978**	7,705,853,000
1965	1,136,745,000	**1976**	5,384,089,000	**1979**	7,816,800,000

Source: Best's Aggregates & Averages.

MEDICAL MALPRACTICE INSURANCE

A proliferation of insurance claims and lawsuits against hospitals, doctors and other medical practitioners has generated a heavy demand for medical malpractice insurance in recent years. Medical malpractice premiums which previously were included in the general liability category were first tabulated separately in 1975 and passed the billion dollar mark the following year.

Indicative of the continuing financial pressures underlying the need for this coverage were the findings of a study, reported by the National Association of Insurance Commissioners in 1980, of some 72,000 medical malpractice claims settled from July, 1975, to December, 1978. The study showed that the average indemnity payment per injury increased 70 per cent during that period. Of cash payments totaling $876 million, 39 per cent were paid during 1978 alone.

Premiums Written 1975-1979

1975	$ 895,435,000	**1978**	$1,215,789,000
1976	1,132,790,000	**1979**	1,204,326,000
1977	1,194,082,000		

Source: Best's Aggregates & Averages.

WORKERS' COMPENSATION INSURANCE

Workers' compensation insurance is designed to provide for the cost of effective medical care, rehabilitation and lost wages for injured employees and death benefits for the dependents of persons killed in work-connected accidents. The scope of this coverage has broadened considerably in recent years, in large measure because of improvements in state laws to meet performance standards recommended in 1972 by the National Commission to Improve State Workmen's Compensation Laws. Many states have taken action not only to expand benefits but also to make the coverage applicable to classifications of employees not previously covered.

The premium volume has more than tripled since 1972 and in 1979 was up approximately 16.5 per cent over the 1978 total.

Premiums Written 1955-1979

1955	$1,035,450,000	**1970**	$3,492,307,000	**1977**	$ 9,261,418,000
1960	1,419,362,000	**1975**	6,185,943,000	**1978**	11,300,144,000
1965	2,042,232,000	**1976**	7,534,249,000	**1979**	13,164,144,000

Source: Best's Aggregates & Averages.

CROP-HAIL INSURANCE

Hail storms occur most frequently in the great plains states, often destroying hundreds of thousands—even millions—of dollars worth of crops. Crop-hail insurance provides financial protection, not only to individual farms but to entire communities, against damage to growing crops as a result of hail or other weather perils. Premium volume increased more than 12.7 per cent from 1978 to 1979 to a total of almost $396 million. Leading premium volume states were Iowa, Illinois, Minnesota, Nebraska and North Dakota.

Premiums written for crop-hail coverage by private insurance companies and one state hail fund are tallied below.

Premiums Written 1955-1979

1955	$ 77,242,000	**1970**	$125,063,000	**1977**	$339,913,000
1960	103,021,000	**1975**	312,439,000	**1978**	351,217,000
1965	116,960,000	**1976**	325,450,000	**1979**	395,855,000

Sources: Prior to 1971, United States Department of Agriculture; 1971-1979, National Crop Insurance Association.

SURETY AND FIDELITY

Surety bonds, including contract, license and permit, court and fiduciary bonds, provide for monetary compensation should there be a failure to perform certain acts—such as the proper fulfillment of a construction contract—within a stated period. Surety bond premiums increased about 6 per cent in 1979.

Fidelity bonds, a suretyship product, are a form of protection against losses caused by dishonest or fraudulent acts of employees. The growth of this line—more than 10.5 per cent in 1979—is overshadowed by its potential. Although most financial institutions are bonded, fewer than 25 per cent of mercantile establishments protect themselves with fidelity bonds.

Premiums Written 1955-1979

	Surety	Fidelity
1955	$151,810,000	$ 78,540,000
1960	197,692,000	114,757,000
1965	289,247,000	119,140,000
1970	385,890,000	176,421,000
1975	566,869,000	221,741,000
1976	587,154,000	247,678,000
1977	628,505,000	283,251,000
1978	759,480,000	316,703,000
1979	805,142,000	350,046,000

Source: Best's Aggregates & Averages.

BOILER & MACHINERY INSURANCE

This is a specialized line covering a wide variety of power-producing equipment. Insurance companies place considerable emphasis on inspection and engineering techniques in the interests of safety. The growth of automation in industrial processes and the increased size and sophistication of production facilities have heightened the need for loss-preventive services. The boiler and machinery premium volume rose by some 10.5 per cent in 1979 and has more than doubled in the last five years.

Premiums Written 1955-1979

1955	$59,980,000	**1970**	$115,278,000	**1977**	213,098,000
1960	85,080,000	**1975**	173,169,000	**1978**	255,873,000
1965	90,508,000	**1976**	169,827,000	**1979**	282,795,000

Source: Best's Aggregates & Averages.

NUCLEAR INSURANCE

Insurance against losses resulting from nuclear accidents is provided by three insurance company groups, the American Nuclear Insurers, the Mutual Atomic Energy Liability Underwriters and the Mutual Atomic Energy Reinsurance Pool. Coverage against nuclear losses through the pools has been available since 1957.

Together the nuclear pools make available to any nuclear facility:

- Up to $160 million of liability coverage (bodily injury and property damage combined). It is this coverage that provides financial protection for the general public.
- Up to $300 million of insurance to cover damage to the property of nuclear facility operators on an "all-risk" basis.

A large percentage of the liability premium income of the pools has been returned to the nuclear facilities annually in the form of refunds. Under a program known as the Industry Credit Rating Plan, approximately 70 per cent of liability premium income is placed in a reserve fund used only for loss or loss expense payments. That portion not used during a period of ten years is refunded to the insureds. From 1967 through 1979, these refunds have totaled more than $15.8 million.

The following table shows the premium income since 1957 for the nuclear insurance domestic liability and property insurance pools.

Year	Liability Premium	Property Premium
1957-1970	$ 27,652,843*	$ 37,851,142*
1971	5,726,479	12,822,690
1972	6,552,647	17,211,316
1973	8,389,234	11,222,300
1974	11,494,498	17,581,644
1975	14,192,111	20,405,797
1976	15,351,874	25,520,449
1977	17,532,802	28,773,664
1978	19,184,000	30,702,774
1979	20,500,000**	40,199,176
	$144,576,488	$242,290,952

**Represents gross written premium from inception to November 30, 1970.*

***Estimated.*

Source: American Nuclear Insurers.

DIRECT WRITTEN PREMIUMS BY STATE

Direct premiums written by property and liability insurance companies in 1979 totaled about $90.1 billion, an increase of about 10.5 per cent over the 1978 total. Data provided by A.M. Best Company (representing about 98 per cent of the nation's total insurance market) provided the basis for the tabulation below of premiums by state for selected lines which together accounted for 74.9 per cent of the overall volume.

The direct written premium total included $87,727,274,000 in premiums for the various property and liability coverages and $2,367,266,000 in accident and health insurance premiums. The biggest by-line increases during 1979 were recorded in two relatively low-premium lines, earthquake (30.6 per cent) and credit (21.1 per cent). The workers' compensation volume rose 17.9 per cent and the inland marine volume was up 16.4 per cent.

The totals differ slightly from the premium totals shown elsewhere in Insurance Facts because the tabulations presented here are based on direct premiums written and those used elsewhere are based on net premiums written. Direct written premiums are the amounts actually paid by the policyholders. Net written premiums reflect additionally exchanges of premiums among insurance companies which contract, through a process known as reinsurance, to absorb specified portions of each other's losses.

Automobile liability premiums combine bodily injury and property damage liability totals. Workers' compensation premiums exclude the premiums written by 18 state workers' compensation insurance funds.

Direct Written Premiums, Selected Lines — 1979
(000 omitted)

State	Automobile Liability	Automobile Physical Damage	Homeowners	Commercial Multi-Peril	Workers' Compensation	Total All Lines**
Alabama	$ 239,927	$ 237,731	$ 139,413	$ 83,729	$ 144,113	$ 1,134,097
Alaska	41,390	29,570	19,190	26,796	77,265	264,323
Arizona	263,076	172,869	101,712	95,077	176,130*	1,015,303
Arkansas	156,641	137,059	89,311	45,613	105,867	718,983
California	2,899,932	1,675,467	1,046,306	1,053,385	2,195,460*	11,452,815
Colorado	259,388	213,292	120,347	110,508	80,807*	1,036,658
Connecticut	392,202	189,470	169,807	135,864	251,747	1,467,646
Delaware	61,463	36,435	21,561	16,705	39,906	239,451
District of Columbia	44,517	26,035	16,012	26,174	120,951	326,528
Florida	1,084,866	471,586	363,758	313,608	669,728	3,651,857
Georgia	478,016	317,036	197,043	128,975	270,134	1,793,202
Hawaii	106,524	52,934	22,925	483	79,584	369,099
Idaho	75,105	68,225	28,409	27,301	57,040*	337,076
Illinois	1,148,296	815,619	453,891	430,040	901,469	5,285,752
Indiana	455,726	391,268	236,892	183,596	177,255	1,917,589

Direct Written Premiums (continued)

State	Automobile Liability	Automobile Physical Damage	Homeowners	Commercial Multi-Peril	Workers' Compensation	Total All Lines**
Iowa	259,772	202,532	106,397	87,039	171,847	1,215,801
Kansas	196,488	170,846	128,230	72,396	118,972	948,569
Kentucky	269,876	221,069	124,936	89,600	320,918	1,337,198
Louisiana	494,179	271,867	200,949	100,708	383,439	1,975,974
Maine	83,318	63,056	56,834	35,315	86,170	406,644
Maryland	465,991	214,984	137,018	117,976	252,311*	1,509,797
Massachusetts	554,479	451,784	333,074	222,176	367,392	2,403,636
Michigan	789,389	924,593	397,803	372,308	860,312*	4,243,208
Minnesota	437,103	261,220	186,983	149,575	422,788	1,950,897
Mississippi	151,418	151,691	73,251	36,306	86,340	734,164
Missouri	411,262	345,254	189,824	141,926	202,759	1,774,554
Montana	64,665	60,218	28,594	35,290	25,992*	291,238
Nebraska	126,819	115,828	59,224	47,932	59,853	632,613
Nevada	92,135	63,030	40,322	41,891	1,116*	314,943
New Hampshire	84,584	68,424	53,467	31,348	79,820	395,657
New Jersey	1,112,873	515,220	317,806	321,070	573,775	3,597,649
New Mexico	96,325	94,911	47,244	36,610	87,168	454,315
New York	1,938,787	846,838	675,914	777,144	938,814*	7,522,489
North Carolina	444,252	296,755	188,075	91,351	177,482	1,535,819
North Dakota	50,938	49,893	18,806	20,899	342*	247,888
Ohio	1,001,839	679,648	431,332	336,423	25,574*	3,678,096
Oklahoma	216,489	200,005	146,623	75,679	177,636*	1,101,841
Oregon	305,122	184,672	96,363	79,561	203,883*	1,162,377
Pennsylvania	1,243,999	742,708	379,086	365,418	1,114,476*	4,852,215
Rhode Island	94,869	58,221	48,316	34,049	63,631	370,163
South Carolina	279,071	139,700	113,613	55,457	121,282	889,001
South Dakota	50,014	45,064	17,877	19,522	23,210	242,034
Tennessee	357,849	263,350	182,033	127,746	207,239	1,485,804
Texas	1,125,454	1,011,961	618,979	222,599	1,233,580	5,866,544
Utah	108,297	83,824	39,731	37,693	18,991*	373,213
Vermont	38,082	33,366	25,847	22,740	24,700	193,851
Virginia	503,187	281,335	152,703	130,851	294,542	1,712,955
Washington	399,016	253,186	163,501	144,112	19,300*	1,398,314
West Virginia	124,028	122,040	52,451	38,124	1,325*	465,247
Wisconsin	431,232	257,580	147,746	128,713	243,072	1,626,027
Wyoming	36,044	47,202	18,166	17,480	2,022*	173,428
Totals	$22,146,314	$14,628,469	$9,025,696	$7,342,881	$14,329,534	$90,094,542

* *Does not include state fund premiums.*

** *Totals exceed sums of other amounts, which are shown for selected lines only.*

Source: Best's Executive Data Service.

PREMIUM TAXES

Insurance companies—including life, health and property-liability companies—paid some $2,937,657,000 in premium taxes to the 50 states and the District of Columbia in 1979—an increase of about 9.7 per cent over the 1978 total. Approximately 51 per cent of this amount was paid by property-liability companies.

Premium taxes are actually taxes on gross income, and as such amount to an additional form of taxation on policyholders. Additional payments are made to states for licenses and fees, property taxes, sales and use taxes, unemployment compensation taxes, and in a few states, income and franchise taxes. Premium taxes accounted for about 2.3 per cent of all taxes collected by the states during 1979.

Premium Taxes by State
1979

Alabama	$76,323,000	Montana	$14,367,000
Alaska	10,768,000	Nebraska	18,658,000
Arizona	26,504,000	Nevada	12,058,000
Arkansas	26,667,000	New Hampshire	11,690,000
California	419,326,000	New Jersey	83,074,000
Colorado	34,893,000	New Mexico	17,312,000
Connecticut	56,353,000	New York	207,904,000
Delaware	9,841,000	North Carolina	71,233,000
District of Columbia	13,249,000	North Dakota	10,971,000
Florida	105,502,000	Ohio	119,249,000
Georgia	62,387,000	Oklahoma	51,980,000
Hawaii	18 967,000	Oregon	31,403,000
Idaho	14,457,000	Pennsylvania	153,933,000
Illinois	87,258,000	Rhode Island	12,539,000
Indiana	54,236,000	South Carolina	37,007,000
Iowa	39,398,000	South Dakota	10,179,000
Kansas	31,526,000	Tennessee	59,324,000
Kentucky	62,048,000	Texas	166,502,000
Louisiana	71,063,000	Utah	16,220,000
Maine	11,671,000	Vermont	5,831,000
Maryland	51,302,000	Virginia	73,320,000
Massachusetts	105,433,000	Washington	40,341,000
Michigan	109,257,000	West Virginia	25,947,000
Minnesota	59,704,000	Wisconsin	42,043,000
Mississippi	33,784,000	Wyoming	6,476,000
Missouri	59,428,000		

Source: Bureau of Census, U.S. Department of Commerce.

INSURANCE GUARANTY FUNDS

With the addition of Oklahoma in July, 1980, and Alabama, effective Jan. 1, 1981, all 50 states, the District of Columbia and Puerto Rico have established procedures under which solvent property and casualty insurance companies absorb losses of claimants against insolvent insurers. New York for many years has had a pre-assessment fund law which requires the permanent maintenance of an insolvency fund (to which companies contribute) with a statutory $200 million ceiling. The other jurisdictions have set up insurance guaranty associations through which solvent companies pay assessments as needed, on a proportionate basis.

From the inception of the post-assessment funds in 1969 through December, 1979, the associations have assessed insurers more than $270 million to cover the insolvencies of 58 property and casualty insurance companies, including two which failed in 1979.

The figures do not include assessments made under New York's pre-assessment insolvency fund nor payments made by individual companies under the insolvency provision of the uninsured motorist endorsement to auto insurance policies. They also do not take into consideration recoupments available in some states through premium tax offsets and policyholder surcharges.

Guaranty Fund Assessments by State, 1969-1979

State	Amount Assessed All Companies	State	Amount Assessed All Companies
Alaska	$ 2,072,822	Nebraska	$ 348,096
Arizona	3,553,000	Nevada	2,641,795
Arkansas	199,447	New Hampshire	580,000
California	102,925,322	New Jersey	9,982,636
Colorado	2,844,680	New Mexico	252,350
Connecticut	2,249,358	North Carolina	1,000,080
Delaware	239,723	North Dakota	7,017
District of Columbia	292,500	Ohio	5,499,989
Florida	64,171,600	Oregon	747,288
Georgia	327,000	Pennsylvania	9,991,352
Hawaii	800,000	Rhode Island	527,182
Idaho	133,151	South Carolina	638,683
Illinois	10,470,976	South Dakota	49,425
Indiana	420,025	Tennessee	491,705
Iowa	1,392,862	Texas	7,382,238
Kansas	348,568	Utah	120,182
Kentucky	1,786,607	Vermont	110,000
Louisiana	5,844,562	Virginia	none
Maine	74,873	Washington	2,211,291
Maryland	2,694,314	West Virginia	194,571
Massachusetts	6,893,448	Wisconsin	1,654,950
Michigan	5,689,270	Wyoming	98,110
Minnesota	5,640,628	Puerto Rico	1,040,000
Mississippi	1,395,200		
Missouri	1,434,474	Total	$270,280,447
Montana	817,097		

Source: National Committee on Insurance Guaranty Funds.

AUTOMOBILE INSURANCE PLANS

Although only a small percentage of cars in the United States are insured through automobile insurance plans (formerly known as assigned risk plans), these insurance industry-supported facilities have been loss producers for many years. Data provided by the Automobile Insurance Plans Service Office (AIPSO), which gathers statistics and provides services for most jurisdictions, indicate the auto insurance industry sustained underwriting losses of some $1.7 billion on this business in the five years ended 1978, the latest date for which such data are available.

The purpose of these plans is to provide automobile insurance to car owners who have difficulty obtaining such coverage through the voluntary market. Private insurers participate directly in the plans in every state except Maryland.

In Maryland, the state created an Automobile Insurance Fund on Jan. 1, 1973 for those state motorists who are unable to obtain insurance in the voluntary market. Underwriting losses in the first seven years of operation approximated $70 million. Statute requires private insurers to subsidize any cash flow losses from the Maryland operation, with the cost being charged back against voluntary policyholders.

Although most states continue to operate under a risk assignment system by which the extent of an auto insurer's direct participation is in proportion to the amount of business it writes voluntarily in a state, a number of states have adopted alternative plans. These include:

- Reinsurance facility—a combination of service by automobile insurers and the pooling of experience with each company sharing in the results on some equitable basis. Massachusetts, North Carolina, South Carolina and New Hampshire have variations of this type of facility.
- Service carrier-pooling system—providing for each agent or broker to have a company of his or her own marketing method to service difficult to place business. Florida, Hawaii and Missouri have this type of plan.

The number of private passenger vehicles insured through the various plans countrywide increased only slightly—less than 1 per cent—from 1978 to 1979. Data compiled by AIPSO indicate that in 1978, about 7.3 per cent of all insured automobiles were insured through the plans. State by state data are tabulated on the next page.

Private Passenger Cars Insured Through Voluntary Market and Automobile Insurance Plans (Written Car Years)

State	Insured in Voluntary Market, 1978	Insured in AIP's, 1978	% of Insured Autos in AIP's, 1978	Insured in AIP's 1979	% Change, No. of AIP Autos 1978-1979
Alabama	1,433,039	13,478	.93	12,495	– 7.2
Alaska	116,598	7,021	5.68	4,698	–33.0
Arizona	1,058,812	885	08	977	10.3
Arkansas	917,886	7,922	.86	6,370	–19.5
California	9,613,724	398,746	4.15	253,881	–36.3
Colorado	1,490,472	1,511	.10	920	–39.1
Connecticut	1,345,970	159,144	10.57	175,675	10.3
Delaware	280,172	28,052	9.10	27,970	– 0.2
District of Columbia	141,960	4,613	3.15	3,855	–16.4
Florida	3,369,437	522,637	13.43	500,427	– 4.2
Georgia	2,327,994	165,896	6.29	128,107	–22.7
Hawaii	442,360	13,469	2.95	12,562	– 6.7
Idaho	504,968	891	.18	641	–28.0
Illinois	4,676,344	46,665	.99	43,889	– 5.9
Indiana	2,486,106	4,530	18	4,945	9.1
Iowa	1,598,955	2,508	16	2,124	–15.3
Kansas	1,334,337	58,333	4.19	63,404	8.6
Kentucky	1,723,534	40,317	2.29	30,858	–23.4
Louisiana	1,289,032	285,095	18.11	263,293	– 7.6
Maine	432,689	22,873	5.02	20,302	–11.2
Maryland	1,924,221	119,374	5.84	107,142(a)	–10.2
Massachusetts	1,794,106	861,018	32.43	974,598(b)	13.2
Michigan	4,410,373	184,867	4.02	123,169	–33.3
Minnesota	2,076,672	32,025	1.52	28,501	–11.0
Mississippi	825,410	26,591	3.12	21,034	–20.8
Missouri	2,263,496	33,036	1.44	27,295	–17.3
Montana	416,666	438	.11	514	17.3
Nebraska	852,388	774	09	939	21.3
Nevada	367,934	469	.13	379	–19.1
New Hampshire	357,707	65,244	15.43	83,153	27.9
New Jersey	2,508,878	1,043,651	29.38	1,196,369	14.6
New Mexico	510,566	1,272	25	1,510	18.7
New York	5,198,349	818,166	13.60	861,512	5.2
North Carolina	2,237,533(c)	783,582(c)	25.94	839,050(d)	7.1
North Dakota	401,563	1,477	.37	1,527	3.3
Ohio	4,964,510	8,824	19	6,560	–25.6
Oklahoma	1,419,894	3,454	.24	2,750	–20.3
Oregon	1,365,767	2,267	.17	1,174	–48.2
Pennsylvania	4,958,681	394,812	7.34	348,470	–11.7
Rhode Island	334,940	31,791	9.21	33,882	6.5
South Carolina	1,048,847	407,111	27.96	N.A.	
South Dakota	382,891	593	15	431	–27.3
Tennessee	1,849,121	75,735	4.84	65,442	13.5
Texas	4,913,258	299,945	5.75	287,672	– 4.0
Utah	646,142	170	03	139	–18.2
Vermont	211,411	9,723	4.40	10,260	5.5
Virginia	2,373,950	249,683	9.52	213,876	–14.3
Washington	1,961,801	28,479	1.43	21,903	–23.0
West Virginia	803,771	13,061	1.60	13,228	1.2
Wisconsin	2,186,873	4,129	19	7,842	89.9
Wyoming	248,295	598	24	625	4.5
Countrywide	92,400,403	7,286,945	7.31	6,838,339(e)	– 0.6(e)

(a) Insured through State Fund. (b) All vehicles. (c) Earned car years, year ended June 30, 1978. (d) Earned car years, year ended June 30, 1979. (e) Exclusive of South Carolina.

Sources: Automobile Insurance Plans Service Office, Maryland Automobile Insurance Fund, Massachusetts Motor Vehicle Reinsurance Facility, North Carolina Reinsurance Facility.

INSURANCE THROUGH FAIR, WINDSTORM PLANS

Until the late 1960's, property owners in the nation's deteriorated inner cities and other high risk areas often had difficulty obtaining insurance because of abnormal exposure to threatening hazards over which they had no control.

To make property insurance coverages more readily available in such areas, insurance companies now operate special property insurance plans in 31 states, the District of Columbia and Puerto Rico. These facilities include 28 Fair Access to Insurance Requirements (FAIR) Plans which provide insurance to property owners in inner city and other high risk areas, and beach and windstorm plans which operate in seven states along the Atlantic and Gulf Coasts where vulnerability to severe windstorm damage is especially high.

During 1979, the number of policies issued by the FAIR plans in the 25 jurisdictions from which data were available declined slightly from the total for 1978. Coverage of commercial properties accounted for 58 per cent of the premiums written in 1979. The 25 plans at the end of the year were providing about $29.5 billion of coverage.

The number of policies issued by the seven beach and windstorm plans in 1979 represented an increase of less than 1 per cent over the number issued in 1978. However, the amount of insurance in force, more than $4.6 billion, was 18.5 per cent higher than the total at the end of 1978.

Insurance Provided by FAIR Plans

	Applications, 1979		Binders or Policies Issued, 1979		Insurance in Force 12/31/79
State	New	Renewal	New	Renewal	(000 omitted)
California	37,427	104,430	23,410	104,128	$ 7,625,350
Connecticut	4,945	10,233	3,009	10,165	593,897
Delaware	1,557	3,779	932	3,338	63,712
District of Columbia	3,569	11,630	2,337	11,039	720,870
Georgia	1,984	4,907	1,387	4,454	163,669
Illinois	26,019	69,158	18,705	60,435	2,295,153
Indiana	1,176	3,231	1,013	3,218	103,850
Iowa	*	*	*	*	*
Kansas	3,322	7,680	2,832	7,680	115,240
Kentucky	4,943	12,407	4,136	10,797	245,000
Louisiana	1,569	3,349	669	3,113	172,037
Maryland	9,806	34,557	7,598	33,408	608,586
Massachusetts	50,716	49,915	43,371	47,791	3,026,369
Michigan	34,497	143,238	32,041	132,961	4,183,811
Minnesota	1,188	2,149	782	1,878	91,433
Missouri	14,439	33,512	5,059	33,263	608,474
New Jersey	34,013	74,475	20,689	60,615	3,158,928

Insurance through FAIR, Windstorm Plans (continued)

State	Applications, 1979 New	Applications, 1979 Renewal	Binders or Policies Issued, 1979 New	Binders or Policies Issued, 1979 Renewal	Insurance in Force 12/31/79 (000 omitted)
New Mexico	808	731	446	682	$ 10,241
New York	28,870	66,376	17,483	66,376	846,712
North Carolina	4,952	11,106	2,797	10,270	461,924
Ohio	11,309	29,453	8,066	28,510	663,647
Oregon	*	*	*	*	*
Pennsylvania	43,639	100,748	29,705	83,967	2,527,707
Puerto Rico	*	*	*	*	*
Rhode Island	7,462	8,355	5,716	7,540	422,063
Virginia	4,654	15,085	2,607	12,627	346,222
Washington	146	1,404	85	1,374	63,153
Wisconsin	4,306	11,269	4,148	11,269	349,496
Totals	337,616	813,177	239,023	750,898	$29,467,544

**Not Available.*

Source: Property Insurance Plans Service Office.

Insurance Provided by Beach and Windstorm Plans

State	Applications, 1979 New	Applications, 1979 Renewal	Binders or Policies Issued, 1979 New	Binders or Policies Issued, 1979 Renewal	Insurance in Force 12/31/79 (000 omitted)
Alabama	422	1,882	329	1,870	$ 61,000
Florida	11,163	23,780	7,067	19,981	1,910,662
Louisiana	2,047	*	7,563	+	222,876
Mississippi	1,472	5,654	1,329	5,593	141,227
North Carolina	243	894	270	711	243,545
South Carolina	1,069	3,283	720	2,730	228,428
Texas	60,764	+	46,093	+	1,816,410
Totals	77,180	35,493	63,371	30,885	$4,626,148

*Not Available.
+Included with New.

Source: Property Insurance Plans Service Office.

FLOOD INSURANCE IN THE U.S.

The number of homes and businesses in the United States insured against flood damage continues to mount dramatically. In the period between June 30, 1979 and June 30, 1980, the number of policies in force increased by some 17.1 per cent from 1,559,922 to 1,826,721 and the amount of coverage in force jumped 38.9 per cent from $57.6 billion to $80.04 billion.

Flood insurance is available in every state, Puerto Rico, Guam and the Virgin Islands under a program developed jointly by the insurance business and the Federal Insurance Administration. The program is now administered solely by the FIA.

An estimated 20,000 locations across the country are considered to be flood-prone. Under the Flood Disaster Protection Act of 1973, communities which are formally notified of their eligibility by the FIA have 12 months in which to agree to participate in the program and to take steps to minimize future flood damage. Residents of communities which fail to participate and property owners who fail to purchase available flood insurance are ineligible for federal flood disaster assistance.

Flood Insurance in the U.S.

State	No. of Communities*	Policies in Force** Dwelling	Policies in Force** Business and Other	Policies in Force** Total	Insurance in Force** (000 omitted) Dwelling	Insurance in Force** (000 omitted) Business and Other	Insurance in Force** (000 omitted) Total***
Alabama	265	11,419	1,702	13,121	$ 370,580	$ 108,901	$ 479,481
Alaska	19	3,106	298	3,404	139,346	28,503	167,849
Arizona	81	21,797	2,342	24,139	814,528	140,142	954,670
Arkansas	292	5,045	968	6,013	129,738	38,180	167,918
California	418	85,584	7,566	93,150	3,407,665	507,393	3,915,057
Colorado	198	7,916	2,001	9,917	316,723	141,582	458,306
Connecticut	180	11,261	2,269	13,530	419,786	148,613	568,398
Delaware	42	3,915	455	4,370	198,247	39,317	237,564
District of Columbia	1	32	26	58	882	1,904	2,786
Florida	354	66,900	10,688	77,588	18,970,975	4,794,120	23,765,095
Georgia	288	12,350	1,098	13,448	430,446	63,895	494,340
Hawaii	4	4,950	1,742	6,692	217,922	147,660	365,582
Idaho	132	1,900	209	2,109	60,398	11,052	71,450
Illinois	702	23,364	2,812	26,176	630,994	158,292	789,286
Indiana	326	9,926	1,090	11,016	260,064	44,585	304,649
Iowa	353	7,514	1,027	8,541	182,970	58,968	241,938
Kansas	294	5,838	902	6,740	155,900	47,752	203,652
Kentucky	228	17,525	3,273	20,798	451,777	174,680	626,457
Louisiana	259	196,188	15,861	212,049	8,630,230	1,152,097	9,782,326
Maine	947	4,425	1,153	5,578	116,006	45,584	161,591

**As of July 15, 1980.*

***As of June 30, 1980.*

****Some totals do not balance because of rounding.*

Flood Insurance in the U.S. (continued)

State	No. of Communities*	Policies in Force** Dwelling	Policies in Force** Business and Other	Policies in Force** Total	Insurance in Force** (000 omitted) Dwelling	Insurance in Force** (000 omitted) Business and Other	Insurance in Force** (000 omitted) Total***
Maryland	111	11,933	2,822	14,755	$ 416,439	$ 219,673	$ 636,111
Massachusetts	317	22,763	3,530	26,293	729,624	197,693	927,317
Michigan	477	11,172	948	12,120	323,388	49,044	372,431
Minnesota	453	7,968	1,234	9,202	216,663	75,672	292,335
Mississippi	255	31,492	4,465	35,957	1,034,926	268,457	1,303,383
Missouri	448	11,702	2,662	14,364	275,726	129,705	405,430
Montana	90	2,532	287	2,819	77,506	10,515	88,021
Nebraska	262	7,826	1,036	8,862	234,680	65,187	299,866
Nevada	21	6,462	276	6,738	218,977	19,689	238,666
New Hampshire	160	2,391	619	3,010	63,294	31,029	94,323
New Jersey	541	79,723	9,783	89,506	3,379,223	631,966	4,011,189
New Mexico	68	4,737	296	5,033	162,375	23,415	185,790
New York	1,398	90,311	8,992	99,303	2,417,421	417,563	2,834,984
North Carolina	305	19,683	3,203	22,886	751,193	180,289	931,482
North Dakota	193	7,371	760	8,131	196,429	35,349	231,779
Ohio	648	18,372	3,750	22,122	445,136	161,715	606,851
Oklahoma	285	9,996	1,468	11,464	400,848	95,613	496,461
Oregon	247	5,895	837	6,732	199,403	43,226	242,629
Pennsylvania	2,365	71,965	17,892	89,857	1,752,504	988,873	2,741,377
Rhode Island	39	6,112	1,280	7,392	224,845	98,248	323,093
South Carolina	164	20,667	2,132	22,799	1,066,149	196,917	1,263,066
South Dakota	100	1,206	242	1,448	31,990	14,802	46,792
Tennessee	198	5,046	1,487	6,533	142,970	73,645	216,614
Texas	691	233,723	24,856	258,579	12,408,631	1,617,646	14,026,276
Utah	167	2,480	280	2,760	78,385	17,173	95,557
Vermont	222	1,819	692	2,511	43,105	27,631	70,736
Virginia	250	23,369	3,574	26,943	1,075,223	249,052	1,324,275
Washington	241	13,790	2,145	15,935	604,521	178,219	782,740
West Virginia	264	18,088	3,546	21,634	415,910	154,572	570,482
Wisconsin	483	6,196	925	7,121	160,635	44,121	204,757
Wyoming	54	884	156	1,040	35,208	10,413	45,621
Guam	1	12	1	13	392	43	435
Puerto Rico	1	16,651	2,464	19,115	244,267	68,445	312,711
Virgin Islands	1	1,517	854	2,371	23,846	32,443	56,289
Countrywide	16,903	1,592,844	233,877	1,826,721	$65,757,007	$14,281,257	$80,038,264

**As of July 15, 1980.*

***As of June 30, 1980.*

****Some totals do not balance because of rounding.*

Source: Federal Insurance Administration.

FEDERAL CRIME INSURANCE

The Federal Crime Insurance Program, established by Congress in 1970, began operation August 1, 1971. It is administered by the federal insurance administrator, who is authorized to make federal crime insurance policies available in states in which that official perceives an availability problem. Policies, offered to both individuals and busineses, cover losses due to burglary and robbery.

Private insurers and statistical reporting companies act as servicing agents in participating states. Policies are sold through licensed property insurance agents and brokers.

In 1979, 25 states, the District of Columbia, Puerto Rico and the Virgin Islands were participating in the program. The Federal Insurance Administration reported that from the end of 1978 to year end 1979, the number of policies in force increased 26.8 per cent from 53,004 to 67,212. The amount of coverage in force rose 35.6 per cent from $386.5 million to $523.9 million.

Federal Crime Insurance, 1979

State	Policies in Force at Year End			Insurance in Force at Year End (000)		
	Residential	Commercial	Total	Residential	Commercial	Total
Alabama	174	76	250	$1,019	$ 373	$1,392
Arkansas	81	29	110	428	169	597
Colorado	77	98	175	555	590	1,145
Connecticut	285	144	429	1,831	1,050	2,881
Delaware	98	21	119	453	93	546
District of Columbia	157	285	442	1,035	2,560	3,595
Florida	3,298	814	4,112	28,390	7,060	35,450
Georgia	445	377	822	3,132	2,901	6,033
Illinois	1,305	690	1,995	9,116	5,450	14,566
Iowa	5	8	13	31	91	122
Kansas	393	55	448	1,867	343	2,210
Maryland	197	320	517	1,428	2,704	4,132
Massachusetts	2,388	1,007	3,395	12,724	8,266	20,990
Minnesota	51	14	65	250	105	355
Missouri	1,610	477	2,087	8,833	2,629	11,462
New Jersey	1,811	682	2,493	13,645	6,789	20,434
New Mexico	3	—	3	30	—	30
New York	31,185	9,767	40,952	247,916	92,767	340,683
North Carolina	329	39	368	1,697	265	1,962
Ohio	720	441	1,161	4,032	3,213	7,245
Pennsylvania	3,402	1,647	5,049	20,183	11,545	31,728
Rhode Island	212	93	305	1,377	737	2,114
Tennessee	200	460	660	1,160	2,396	3,556
Virginia	89	56	145	612	346	958
Washington	14	2	16	95	30	125
Wisconsin	15	3	18	114	43	157
Puerto Rico	630	424	1,054	5,410	3,971	9,381
Virgin Islands	7	2	9	57	20	77
United States	49,181	18,031	67,212	$367,420	$156,506	$523,926

Source: Federal Insurance Administration, Crime Insurance Statistical Report.

TRENDS IN COSTS OF GOODS, SERVICES AND INSURANCE

The cost of insurance is influenced heavily by the costs of the materials and services for which property and liability insurers must pay in meeting their obligations to their policyholders. Tabulated below are indices showing the trends of costs of auto and property insurance and of typical factors which affect insurance claims.

Price Indices for Selected Items, 1967-1979
(Base: 1967 = 100)

Year	Cost of Living (all items)	Medical Care Items	Hospital Rooms	Physicians' Fees	Auto Repairs and Maintenance*	Auto Insurance Premiums
1967	100.0	100.0	100.0	100.0	100.0	100.0
1970	116.3	120.6	145.4	121.4	120.6	126.7
1972	125.3	132.5	173.9	133.8	135.1	140.5
1973	133.1	137.7	182.1	138.2	142.2	138.0
1974	147.7	150.5	201.5	150.9	156.8	138.1
1975	161.2	168.6	236.1	169.4	176.6	145.9
1976	170.5	184.7	268.6	188.5	189.7	187.9
1977	181.5	202.4	299.5	206.0	203.7	210.5
1978	195.4	219.4	332.4	223.1	220.6	216.6
1979	217.4	239.7	370.3	243.6	242.6	228.7

Year	Home Ownership	House Maintenance and Repairs	House Furnishings	Private Residential Construction Costs	Private Non-residential Construction Costs	Property Insurance Premiums**
1967	100.0	100.0	100.0	100.0	100.0	100.0
1970	128.5	124.0	113.4	118.7	126.9	140.1
1972	140.1	140.7	121.0	133.2	143.1	161.2
1973	146.7	151.0	124.9	146.3	155.3	164.6
1974	163.2	171.6	130.8	161.5	186.8	174.9
1975	181.7	187.6	144.4	175.3	198.0	201.4
1976	191.7	199.6	150.7	188.6	198.6	226.5
1977	204.9	214.7	156.5	212.6	211.2	255.7
1978	227.2	233.0	154.3	241.3	237.4	282.5
1979	262.4	256.4	163.1	273.4	275.4	309.9

* *The cost of auto crash replacement parts is not reflected in this index, which includes prices for water pump replacement, motor tune-up, automatic transmission repair, front end alignment and chassis lubrication. The trend in the costs of parts commonly used to repair auto crash damage is reflected in an index developed by State Farm Mutual Automobile Insurance Company. An increase in the index from 100.0 on Jan. 1, 1976 to 148.1 on Jan. 1, 1980 means that those costs have risen at an annual rate of about 10.4 per cent during the last four years.*

** *The U.S. Bureau of Labor Statistics late in 1979 altered drastically its consumer price index for property insurance. The newly constructed index, based on the year 1967 equalling 100, combines changes in personal property insurance rates (homeowners and fire and extended coverage) with changes in the value of houses being insured. Trends in property insurance rates no longer are tracked separately. The separate property insurance index was lagging considerably behind the all items index when the change was made in September, 1979.*

Sources: Construction cost data, compiled by Insurance Information Institute from data provided by the U.S. Department of Commerce, Bureau of the Census; other data, U.S. Department of Labor, Bureau of Labor Statistics.

COST OF OPERATING AN AUTOMOBILE

The cost of insurance is the second lowest of six major expense factors involved in owning and operating a car, according to the Federal Highway Administration. A study completed late in 1979 placed the cost of insurance at 2.4 cents a mile for standard size cars; 2.3 cents for compacts, and 2.2 cents for subcompacts. Since the last such study in 1976, total operating costs have increased at rates ranging from 37.4 per cent for standard size cars to 48.6 per cent for compacts. The FHA said the cost figures were computed for suburban Baltimore, Md., and would vary by area. The analysis assumes that each vehicle is driven 100,000 miles during a 10-year period.

The assumed insurance coverages are $50,000 combined public liability; full comprehensive, fire and theft; uninsured motorist, and personal injury protection with first-party medical and wage benefits of $2,500 for the full 10 years; $100 deductible collision insurance for the first five years. The personal injury protection is the form of "no-fault" insurance now compulsory in Maryland.

Cost of Operating an Automobile, Cents Per Mile

	Vehicle Cost Depreciated	Maintenance Accessories Parts & Tires	Gas & Oil (Excluding Taxes)	Garages Parking & Tolls	Insurance	State & Federal Taxes	Total Cost Per Mile
Standard Size	6.3c	5.5c	5.6c	3.2c	2.4c	1.6c	24.6c
Compact Size	5.2c	4.8c	4.9c	3.2c	2.3c	1.3c	21.7c
Subcompact Size	3.8c	4.1c	4.1c	3.2c	2.2c	1.1c	18.5c

Source: Federal Highway Administration, U.S. Department of Transportation.

INSURANCE AS A FACTOR IN HOME OWNERSHIP

While the cost of owning and maintaining a home has risen sharply in recent years, the cost of insurance has been a relatively minor contributing factor. A 1980 study by the U.S. League of Savings Associations of the impact of inflation on home ownership found that home insurance represented only 2 per cent of the total increase in median monthly housing expenses countrywide from 1977 to 1979. The cost of insurance represented only 2.9 per cent of the median monthly housing expense in 1979, down from 3.25 per cent in 1977.

Composition of Median Monthly Housing Expense

Item	1979	1977	1977-1979 Increase	Percentage of Total Increase
Mortgage payment	$401	$273	$128	85%
Real estate taxes	58	54	4	3%
Utilities	75	60	15	10%
Hazard insurance	16	13	3	2%
Total	$550	$400	$150	100%

Source: U.S. League of Savings Associations.

PERSONAL INJURY LAWSUITS

The frequency of lawsuits and the average size of court settlements, including jury verdicts, have a significant impact on the cost of liability insurance, which pays for a substantial portion of the dollar amounts involved.

Findings of a variety of studies indicate that the number of personal injury lawsuits filed in the U.S. has been increasing steadily in recent years and that, while there have been downward fluctuations in some years, the average size of verdicts also has been rising.

A study by Jury Verdict Research, Inc. (JVR), of verdicts awarded for four common injuries (cervical strain, knee injuries, vertebrae fractures and wrongful death of adult males) reflects a 6.5 per cent increase from 1978 to 1979 in the average size of those verdicts. While the 1979 information was incomplete, JVR said the rate of increase compared with a 6.15 per cent increase in 1978.

For 1978, the latest year for which complete data were available, the average verdicts were shown to be $7,896 in cervical strain cases, $31,575 for knee injuries, $38,519 for vertebrae fractures and $259,646 in wrongful death cases.

JVR noted that there has been a sharp increase in recent years in jury verdicts of $1,000,000 or more. It said the first such case on record was a $3,500,000 verdict awarded in 1962 in favor of an actor who had been labeled as a communist and blackballed as a result. The verdict later was reduced to $450,000.

Including the available data for 1979, the total number of million dollar verdicts was 318, including 59 in 1977 and 53 in 1978. Product liability suits accounted for the largest number, 77, followed by malpractice actions, 55, and automobile accidents, 44.

Reporting separately on product liability and malpractice verdicts, JVR noted that while the average size of verdicts has increased over the years, "the increase is not as dramatic as one would have anticipated." From 1971 through 1979, the average size of product liability verdicts (including million dollar awards) ranged from a low of $195,020 in 1971 to $1,657,187 in 1978. For malpractice, the range was from a low of $166,165 in 1974 to a high of $419.372 in 1977.

An annual compilation by the staff of the Pacific Coast regional office of the Insurance Information Institute tracks product liability and medical malpractice verdicts awarded in California Superior Courts. In product liability cases, the average award in 1979 was $299,466. This compared with an average in 1978 of $559,470, including three multi-million dollar verdicts totaling more than $21.7 million. Exclusive of those verdicts, the average award in 1978 was $140,751. In medical malpractice cases the average award in 1979 reached a new high of $351,569. The 1978 average of $200,998 had been exceeded in three previous years during the 1970's.

Another I.I.I. compilation shows a statewide average of 278.07 suits filed per 100,000 inhabitants for personal injury, death or property damage involving motor vehicles during the fiscal year ended June 30, 1979. The figure for the previous fiscal period was 266.59.

A more comprehensive reflection of the increasing tendency of Americans to sue is contained in annual state by state compilations by the Administrative Office of the U.S. Courts of product liability lawsuits filed in federal courts. The number of such filings has been increasing steadily, and the 7,755 suits commenced in fiscal 1980 represented a 26.5 per cent increase over the 6,132 cases commenced in the preceding fiscal year.

Of the cases filed in fiscal 1980, approximately 88 per cent were personal injury suits.

Product Liability Cases Commenced in Federal District Courts, 1979-1980

State	Fiscal 1980*	Fiscal 1979*	% Change	State	Fiscal 1980*	Fiscal 1979*	% Change
Ala.	119	96	+ 24.0	Nev.	23	16	+ 43.8
Alaska	31	20	+ 55.0	N.H.	44	55	− 20.0
Ariz.	36	27	+ 33.3	N.J.	176	131	+ 34.4
Ark.	82	87	− 5.7	N.M.	38	27	+ 40.7
Calif.	405	510	− 20.6	N.Y.	386	288	+ 34.0
Colo.	115	47	+144.7	N.C.	59	39	+ 51.3
Conn.	151	92	+ 64.1	N.D.	18	25	− 28.0
Del.	14	10	+ 40.0	Ohio	208	148	+ 40.5
D.C.	613	462	+ 32.7	Okla.	158	128	+ 23.4
Fla.	178	134	+ 32.8	Ore.	50	58	− 13.8
Ga.	194	145	+ 33.8	Pa.	549	444	+ 23.6
Hawaii	43	16	+168.8	R.I.	30	28	+ 7.1
Idaho	28	23	+ 21.7	S.C.	261	151	+ 72.8
Ill.	218	149	+ 46.3	S.D.	23	18	+ 27.8
Ind.	126	127	− 0.8	Tenn.	146	111	+ 31.5
Iowa	69	40	+ 72.5	Texas	653	475	+ 37.5
Kansas	282	199	+ 41.7	Utah	23	22	+ 4.5
Ky.	66	35	+ 88.6	Vt.	29	12	+141.7
La.	273	340	− 19.7	Va.	137	111	+ 23.4
Maine	34	28	+ 21.4	Wash.	54	209	− 74.2
Md.	82	72	+ 13.9	W. Va.	65	39	+ 66.7
Mass.	176	117	+ 50.4	Wisc.	67	53	+ 26.4
Mich.	329	271	+ 21.4	Wyo.	13	9	+ 44.4
Minn.	193	130	+ 48.5	Canal Zone	-	4	−100.0
Miss.	437	135	+223.7	Guam	-	-	-
Mo.	142	132	+ 7.6	N. Mariana Islands	1	1	0
Mont.	41	23	+ 78.3	P.R.	25	17	+ 47.1
Neb.	35	41	− 14.6	V.I.	7	5	+ 40.0
				Total U.S.	7,755	6,132	+ 26.5

**Twelve month period ended June 30.*

Source: Prepared by the Insurance Information Institute based on the 1980 Annual Report of the Administrative Office of the U.S. Courts.

6 Losses by Category

A SUMMARY OF LOSSES

Natural and man-made perils—such as fire, windstorms, accidents on and off the highways and crime—take a steadily increasing toll of life and property, with a staggering economic loss to the nation. Most of these losses have a direct impact on insurance claims—and an indirect impact on insurance rates.

During 1979:

Fires took an estimated 5,800 lives and caused property damage totaling a record $4,851,000,000.

- Building fires averaged about 2,840 a day.
- About every 44 seconds, fire broke out in a home.
- Residential fires accounted for 70 per cent of the nation's building fires and 44 per cent of the dollar fire losses.

Auto accidents declined by 3.9 per cent, to 26,669,000. Injuries dropped by 2 per cent to 5,681,000 and fatalities rose by almost 1 per cent to 51,900. Continuing economic inflation helped push the resulting dollar losses to a record $56.37 billion.

- About 84 per cent of all traffic accidents involved improper driving, with excessive speed listed as a factor in about 17 per cent of all accidents and 30 per cent of fatal accidents. About 50 per cent of the fatal accidents involved drinking drivers.
- Although only 21.7 per cent of the nation's drivers are under age 25, motorists age 24 and younger comprised 37.1 per cent of the drivers involved in fatal accidents; 38 per cent of the drivers involved in all accidents.

Work accidents took about 13,200 lives and caused an estimated 2.3 million injuries. Resulting dollar losses totaled some $25.2 billion.

Accidents in the home took some 22,000 lives.

Crimes against property rose by some 8.9 per cent as the nation's overall crime rate increased by about 9 per cent. The Federal Bureau of Investigation reported increases of 9.9 per cent in larcenies, 6.3 per cent in burglaries, 10.6 per cent in auto thefts and 12 per cent in robberies.

Catastrophes causing insured property damage in excess of $1 million each resulted in record insured losses estimated at more than $1.68 billion. The number of such catastrophes also set a single-year record of 54.

FIRE LOSSES

Fire losses in the United States increased sharply in 1979. The estimated total of $4.85 billion was 21 per cent higher than the 1978 figure. The per capita fire loss jumped from $18.34 to a new high of $22.04. While the trend of fire losses has been generally upward over the years, the ratio of such losses to the aggregate value of property subject to such losses has been declining for many years as a result of countrywide fire prevention efforts.

**U.S. Fire Losses*
1875-1979**

Year	Property Loss	Loss Per Capita	Year	Property Loss	Loss Per Capita
1875	$ 78,102,000	$1.73	1950	$ 648,909,000	$ 4.29
1880	74,643,000	1.49	1960	1,107,824,000	6.19
1890	108,994,000	1.73	1970	2,328,000,000	11.41
1900	160,930,000	2.11	1975	3,560,000,000	16.71
1910	214,003,000	2.32	1976	3,558,000,000	16.59
1920	447,887,000	4.21	1977	3,764,000,000	17.36
1930	501,981,000	4.08	1978	4,008,000,000	18.34
1940	286,491,000	2.17	1979	4,851,000,000	22.04

**Including allowances for uninsured and unreported losses.*

Source: Insurance Services Office.

FIRE FATALITIES

Fire deaths in the United States declined by about 8 per cent in 1979, to an estimated 5,800 from the 1978 toll of 6,300, according to a National Safety Council estimate. The figure was down 1 per cent from the 1977 toll of 6,357. The Council said approximately 4,700, or 81 per cent, of the victims perished in residential fires.

Highest death rate by fire is among persons 65 years of age and older. The death rate among children under 5 years of age is the second highest. The fire fatality rate for the older group declined in 1979 for the third consecutive year, according to the National Safety Council. Rates shown below are deaths per 100,000 population in each age group resulting from burns, asphyxiation or being struck by falling objects during fires.

Deaths per 100,000

Ages	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
0-4	4.9	5.4	5.0	5.1	4.8	4.7	5.4	5.0	6.2	5.4
5-14	1.5	1.5	1.6	1.3	1.5	1.5	1.6	1.5	1.6	1.4
15-24	1.1	1.1	1.2	1.3	1.3	1.3	1.4	1.2	1.3	1.3
25-44	2.1	2.1	2.0	2.0	1.8	1.8	1.7	1.9	1.7	1.4
45-64	4.4	4.2	4.1	4.0	3.7	3.7	3.5	3.4	3.4	3.2
65 and over	10.2	10.0	9.7	8.8	8.3	7.5	8.1	7.9	7.3	6.7

Source: National Safety Council.

LEADING CAUSES OF FIRES

Smoking is the leading cause of residential fire deaths and injuries, according to the National Fire Data Center of the U.S. Fire Administration. A study completed in 1980 showed that heating-related incidents cause a greater number of home fires, and a higher percentage of the dollar losses resulting from those fires, than any other single factor.

Incendiarism (or suspected incendiarism) is identified as the leading cause, by far, of non-residential fires, as well as of the resulting deaths and dollar losses. Incendiarism also was shown to be a major contributor to the property losses growing out of residential fires and to the injury rate in non-residential blazes.

The findings were based on studies of reported fires in eight states during 1977 and 1978 and in seven other states in 1978. The National Fire Data Center said the findings are considered to be representative of the entire United States.

Causes of Reported Fires*

	Residential				Non-Residential			
	Fires	Deaths	Injuries	Dollar Loss	Fires	Deaths	Injuries	Dollar Loss
	%	%	%	%	%	%	%	%
Heating	20.8	18.0	15.8	21.9	7.5	4.1	6.6	7.0
Cooking	18.7	7.8	18.2	7.6	5.7	3.2	8.8	3.0
Incendiary/Suspicious	11.4	10.7	8.8	19.1	26.7	31.1	20.7	35.7
Smoking	10.8	32.3	19.7	10.1	7.8	11.8	7.8	3.1
Electrical Distribution	8.8	9.4	6.9	13.0	11.7	4.3	8.7	11.9
Appliances	7.8	3.4	5.6	6.2	6.1	5.6	5.8	3.4
Children Playing	6.1	8.2	9.2	5.1	4.5	—	1.9	1.6
Other Equipment	4.3	2.3	5.5	5.1	10.8	10.0	22.2	14.5
Exposure	3.0	1.3	1.2	4.2	5.0	1.7	2.0	7.2
Natural	1.3	.2	.6	1.6	2.7	3.9	3.5	4.9
Open Flame, Torch	4.5	4.7	4.7	4.3	7.2	16.4	8.7	5.9
Other Heat	2.7	1.7	2.6	1.9	4.1	8.0	3.2	1.9

**Based on studies in eight states during 1977 and 1978 and in an additional seven states in 1978.*

NOTE: Columns of percentages may not total 100 per cent because of the effects of rounding.

Source: National Fire Data Center, U.S. Fire Administration, U.S. Department of Commerce.

FIRES BY TYPE OF STRUCTURE

Fires in residential occupancies accounted for about 69.6 per cent of all structural fires in the United States during 1979, according to the National Fire Protection Association. Residential fires resulted in 50.9 per cent of the property damage in structural fires and about 44 per cent of the nation's total fire losses.

Structural Fires by Types of Use, 1979*

Property Use		Estimated Number of Fires	Change from 1978	Percentage of Fires	Percentage of Dollar Loss
Public Assembly		30,500	+ 3.4%	3.0	5.7
Educational		22.500	+ 9.8%	2.2	1.6
Institutional		29,500	−24.4%	2.8	.7
Residential (total)		721,500	+ 3.5%	69.6	50.9
One and two family dwellings**	550,500				
Apartments	146,000				
Hotels & Motels	11,500				
Other	13,500				
Stores and Offices		64,000	+ .8%	6.2	9.2
Industry, Utility, Defense		58,000	+ 5.5%	5.6	19.5
Storage in structures		64,500	+ 8.4%	6.2	10.2
Special structures		46,000	−28.6%	4.4	2.2

**Based on data reported by fire departments responding to the 1979 National Fire Experience Survey; dollar loss figures represent direct property loss only.*

***Includes mobile homes.*

Source: National Fire Protection Association estimates.

THE ARSON PROBLEM

Incendiary or suspicious fires are taking hundreds of lives and causing property damage estimated at well in excess of a billion dollars each year. The National Fire Protection Association estimates that incendiary fires in buildings caused 435 deaths and more than $787 million in property losses in 1979, with structural fires of suspicious origin taking another 240 lives and resulting in damage of some $541 million.

NFPA said the 1979 dollar loss figure was 24.5 per cent higher than that of 1978.

To combat the spreading arson problem, the insurance industry is working throughout the country with task forces made up of investigators, police and fire officials, judges, prosecutors and other concerned citizens. Among the goals of an insurance All-Industry Committee for Arson Control is passage of state laws tightening penalties for arson and laws permitting insurers and law enforcement agencies to exchange information freely in the course of arson investigations without fear of legal reprisal. As of late 1980, 38 states had enacted arson immunity statutes.

U.S. FIRES—PROPERTY DAMAGE

Twenty-eight times during 1979, fires in the United States resulted in property losses of $5 million or more. Together, they caused damages—both insured and uninsured—of some $349.9 million.

U.S. Fires Causing Property Damage of $5 Million or More, 1979

Date	Place	Property Destroyed	Estimated Loss
Sept. 1	Deer Park, Texas	Tank ship (unloading crude oil)	$70,000,000
April 19	Port Neches, Texas	Tank ship (unloading crude oil)	32,000,000
Jan. 17	Edison, New Jersey	General warehouse	30,000,000
April 20	Gulf of Mexico, Louisiana	Gas drilling platform	25,000,000
July 31	Houston, Texas	Apartment complex	20,000,000
March 20	Linden, New Jersey	Refinery	14,300,000
Jan. 6	San Antonio, Texas	Auditorium	12,000,000
Aug. 30	La Place, Louisiana	Tank barge	10,500,000
Jan. 16	London, Kentucky	Mercantile block	10,000,000
June 14	New York, New York	Department store	10,000,000
July 24	Maryville, Missouri	School administration building	10,000,000
Sept. 13	Los Angeles, California	Brush	9,840,600
July 10	Richmond, Virginia	Tobacco warehouse	8,000,000
Feb. 23	Hawesville, Kentucky	Metal manufacturer	6,800,000
March 1	Trenton, New Jersey	Plastic products warehouse	6,500,000
Aug. 9	Hicksville, New York	Electronics manufacturer	6,500,000
Dec. 18	Nantucket, Massachusetts	Business block	6,500,000
March 14	Woburn, Massachusetts	Metal product warehouse	6,427,500
Jan. 31	Concord, North Carolina	Textile plant	6,300,000
July 24	Thousand Palms, California	Trains (collision)	6,100,000
Sept. 12	Los Angeles, California	Brush	6,048,900
Aug. 3	Chicago, Illinois	Transit company garage	6,000,000
Nov. 16	West Monroe, Louisiana	Agricultural storage	6,000,000
June 18	Vancouver, Washington	General warehouse	5,063,800
March 14	Atlanta, Georgia	Hotel	5,035,000
May 10	Santa Paula, California	Fruit packing plant	5,000,000
July 5	Crossett, Arkansas	Paper manufacturer	5,000,000
Aug. 11	Miami, Florida	Cruise ship	5,000,000

Source: National Fire Protection Association.

The 10 Most Costly Fires in the U.S.

Date	Place	Property Destroyed	Estimated Loss
April 18, 1906	San Francisco, Calif.	28,000 buildings	$350,000,000*
Oct. 8-10, 1871	Chicago, Ill.	17,340 buildings	175,000,000
Nov. 9, 1872	Boston, Mass.	776 buildings	75,000,000
Sept. 1, 1979	Deer Park, Texas	Tank ship	70,000,000
Apr. 16, 1947	Texas City, Texas	Waterfront industrial area	67,000,000
Feb. 27, 1975	New York, N.Y.	Telephone central office	56,500,000
Feb. 7, 1904	Baltimore, Md.	80 city blocks in business section	50,000,000
Aug. 12, 1953	Livonia, Mich.	Auto transmission plant	50,000,000
Dec. 5, 1970	Linden, N.J.	Oil refinery, nearby buildings	50,000,000
May 11, 1969	Golden, Colo.	Atomic Energy Commission plant	45,000,000

**See also Earthquakes in the United States, page 50, and The 10 Worst Multiple Fatality Fires in the U.S., page 47.*

Source: Compiled by the Insurance Information Institute.

U.S. FIRES—LOSS OF LIFE

Twenty-two times in recorded history, 100 or more persons have perished in single fires in the United States. The most tragic multiple-fatality fire since 1970 occurred on May 28, 1977, when 165 persons lost their lives in a supper club fire in Southgate, Ky.

The most tragic fire of 1979 occurred on November 1, when a ship collision at the entrance to the Galveston, Tex. harbor resulted in a blaze that took 32 lives. Twenty-five persons died in a boarding house fire in Farmington, Mo. on April 2.

The 10 Worst Multiple-Fatality Fires in the U.S.

Date	Place	Deaths
Oct. 8, 1871	Peshtigo, Wis., and environs	1,152
June 15, 1904	New York, N.Y., SS General Slocum	1,030
Dec. 30, 1903	Chicago, Ill., Iroquois Theatre	602
Oct. 12, 1918	Cloquet, Minn., and environs	559
Apr. 18, 1906	San Francisco, Calif., earthquake-fire	500*
Nov. 28, 1942	Boston, Mass., Cocoanut Grove Night Club	492
Sept. 1, 1894	Hinckley, Minn., and environs	413
June 30, 1900	Hoboken, N.J., North German Lloyd Steamship pier and ships	326
Apr. 21, 1930	Columbus, Ohio, State Penitentiary	320
Dec. 5, 1876	Brooklyn, N.Y., Conway's Theatre	283

*See also Earthquakes in the United States, page 50, and The 10 Most Costly Fires in the U.S., page 46.

Source: Compiled by the Insurance Information Institute.

CIVIL DISORDERS

Insured losses resulting from the rioting which exploded in Miami in May, 1980 were the most costly on record growing out of civil disorders which have beset numerous American cities since the mid-sixties. Of the 10 most costly civil disorders, all but the Miami violence and a disturbance in New York City which occurred during a widespread power outage occurred in the 1960's.

The 10 Most Costly U.S. Civil Disorders

Date	Locale	Estimated Insured Loss
May 17-19, 1980	Miami	$65,250,000
August 11-17, 1965	Los Angeles, (Watts Section)	44,000,000
July 23, 1967	Detroit	41,500,000
July 13-14, 1977	New York City	28,000,000
April 4-9, 1968	Washington, D.C.	24,000,000
July 12, 1967	Newark	15,000,000
April 6-9, 1968	Baltimore	14,000,000
April 4-11, 1968	Chicago	13,000,000
April 4-11, 1968	New York	4,200,000
April 4-11, 1968	Pittsburgh	2,000,000

Source: Compiled by the Insurance Information Institute.

THE CATASTROPHE RECORD, 1979

To facilitate the payment of claims and to help property owners restore order in the wake of hurricanes and other perils which produce extensive, widespread damage, the property-liability insurance companies have catastrophe procedures which are put into effect when the total insured loss is expected to exceed $1 million.

During 1979, insurers paid out claims totaling more than $1.68 billion as a result of 54 designated catastrophes which affected portions of 43 states, the District of Columbia, the Virgin Islands and Puerto Rico. The 1979 catastrophe loss figure far surpassed the previous record of $869.1 milion set in 1965 and exceeded by more than a billion dollars the 1978 total of $643.3 million. The largest loss during 1979 and the largest on record was produced by Hurricane Frederic, which in September caused insured losses of $752.5 million in a 10-state area. The previous record was set in 1965 by Hurricane Betsy, which caused insured damage of $715 million.

The estimates listed below are based on data reported to the American Insurance Association and Insurance Services Office and cover insurance losses only, not total property damage.

The Catastrophe Record, 1979

Date	Place	Catastrophe	Estimated Loss Payments
Jan. 1-4	Texas, Missouri, Illinois	Wind, Ice, Freezing, Snow	$10,000,000
Jan. 6-8	Arkansas, Mississippi, Tennessee	Wind, Ice, Snow, Freezing	3,000,000
Jan. 8-10	Oregon, Washington	Wind, Freezing	7,000,000
Jan. 12-18	Nebraska, Kansas, Iowa, Wisconsin Michigan, Missouri, Illinios, Indiana, Ohio	Wind, Snow, Ice, Freezing	95,000,000
Jan. 16	Harrison, Ark.	Explosion and Fire	6,000,000
Jan. 19-20	Texas	Wind, Hail, Tornadoes	2,500,000
Jan. 23-25	30 eastern, southern and southwestern states and the District of Columbia	Wind, Hail, Tornadoes, Flooding, Ice, Snow, Freezing	40,000,000
Jan. 31-Feb 2	California	Wind, Hail, Tornadoes, Flooding, Snow	3,000,000
Feb. 6-7	Georgia, South Carolina	Wind, Ice, Snow	5,100,000
Feb. 10	Hastings, Neb.	Explosion and Fire	3,000,000
Feb. 12-13	Oregon, Washington	Wind and Flooding	2,500,000
Feb. 18-19	Alabama, Georgia, South Carolina, North Carolina, Virginia, District of Columbia, Maryland	Wind, Snow, Ice, Freezing	4,975,000
Feb. 22-27	Texas, Oklahoma, Missouri, Louisiana, Illinois, Ohio, Virginia, Pennsylvania, New Jersey	Wind, Hail, Tornadoes, Snow, Flooding	15,685,000
Mar. 2	Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Texas	Wind, Hail, Tornadoes, Flood	5,556,500
Mar. 28-Apr. 2	Arizona, Iowa, Kentucky, Texas	Wind, Hail, Tornadoes, Flooding	5,350,000

The Catastrophe Record (continued)

Date	Place	Catastrophe	Estimated Loss Payments
Apr. 5-6	Wisconsin, Michigan, Illinois, Indiana, Ohio, Pennsylvania, New York	Wind and Hail	$ 25,000,000
Apr. 8-9	Arkansas, Michigan, Oklahoma	Wind, Hail, Tornadoes, Ice	13,000,000
Apr. 10-17	Texas, Oklahoma, Kansas, Missouri, Arkansas, Illinois, Indiana, Tennessee, Louisiana, Mississippi, Alabama, Georgia	Wind, Hail, Tornadoes, Flooding	239,929,600
April 19-23	Texas, Louisiana	Wind, Hail, Tornadoes, Flooding	13,650,000
April 24-25	Florida	Wind, Hail, Tornadoes, Flooding	5,000,000
April 29-30	Texas	Wind, Hail, Tornadoes	2,000,000
May 1-4	Texas, Oklahoma, Kansas, Louisiana, Arkansas, Tennessee, Mississippi	Wind, Hail, Tornadoes, Flooding	32,252,450
May 8-9	Florida	Wind, Tornadoes, Flooding	8,000,000
May 19-25	Texas, Kansas, Missouri, Maryland, Florida	Wind, Hail, Tornadoes, Flooding	7,725,000
May 26-27	New Mexico, Texas	Wind, Hail, Tornadoes	5,000,000
May 30-31	Rhode Island	Wind, Hail	2,000,000
May 31	New Mexico	Wind, Hail	6,000,000
June 4-5	Missouri	Wind, Hail, Flooding	4,000,000
June 15-24	Colorado, Nebraska, Kansas, Oklahoma, Minnesota, Illinois	Wind, Hail, Tornadoes, Flooding	9,950,000
June 28	Arkansas, Iowa, Minnesota	Wind, Hail, Tornadoes	19,444,500
July 9-10	Texas	Wind, Hail, Tornadoes	7,315,000
July 16-17	Wyoming	Wind, Hail, Tornadoes	16,500,000
July 16	Oklahoma	Wind, Hail, Tornadoes	1,500,000
July 24-27	Texas, Louisiana, Indiana	Wind, Tornadoes, Flooding	17,955,000
July 25-26	Wyoming	Wind and Hail	2,500,000
July 30-31	Wyoming, Colorado	Wind, Hail, Tornadoes	27,615,000
July 31	Houston, Tex.	Fire	34,000,000
Aug. 7-8	South Dakota, Ohio, Indiana, New York	Wind, Hail, Tornadoes	2,500,000
Aug. 25	Nebraska	Wind and Hail	1,500,000
Aug. 30, Sept. 4-6	Puerto Rico, Florida, Virgin Islands, Georgia, South Carolina, North Carolina, Virginia, Maryland, District of Columbia, Delaware, Pennsylvania, New Jersey, New York, Connecticut, Massachusetts	Hurricane "David", Wind, Tornadoes, Flooding	122,070,000
Sept. 12-14	Mississippi, Alabama, Florida, Louisiana, Tennessee, Kentucky, West Virginia, Ohio, Pennsylvania, New York	Hurricane "Frederic" Wind, Tornadoes, Flooding	752,510,000
Sept. 15-16	California	Fire	5,000,000
Sept. 14	Arizona	Wind	1,750,000
Sept. 18-20	Texas, Louisiana	Wind, Tornadoes, Flooding	14,100,000
Oct. 3	Connecticut, Massachusetts	Wind, Tornadoes, Hail, Flooding	37,120,000

The Catastrophe Record (continued)

Date	Place	Catastrophe	Estimated Loss Payments
Oct. 6	Chicago, Ill.	Fire	$3,500,000
Oct. 15	California	Earthquake	2,500,000
Oct. 15-16	Texas	Wind, Hail	7,500,000
Oct. 21	Kansas	Wind, Hail	5,000,000
Oct. 22	Sulphur, La.	Tornado	1,767,500
Oct. 29-31	Texas, Louisiana, Oklahoma	Wind, Hail, Tornadoes	6,250,000
Nov. 25	Alabama, Florida, Georgia	Wind, Hail, Tornadoes	3,000,000
Dec. 4-5	Wyoming, Colorado	Windstorm	7,500,000
Dec. 22-25	California	Wind and Tornadoes	2,000,000

Source: American Insurance Association.

EARTHQUAKES IN THE UNITED STATES

Although much of the nation's seismic activity is centered along the Pacific Coast and in Nevada, every state is vulnerable to and has felt the effects of earthquakes. The San Francisco earthquake-fire of April 18, 1906 nearly razed the city and took an estimated 500 lives. In the East, the greatest shock was experienced in Charleston, S.C., on August 31, 1886, and resulted in 60 deaths and $23 million in property damage. Although insurance against earthquake damage is generally available, relatively few property owners have taken advantage of the protection it offers.

The only major earthquake during 1979 occurred in Imperial County, Calif. in mid-October, causing property damage estimated at $30 million, little of which was insured.

The 10 Most Costly U.S. Earthquakes

Year	Locality	Estimated Property Damage
1971	San Fernando, Calif.	$553,000,000
1964	Alaska and West Coast of United States (tsunami damage from earthquake near Anchorage, Alaska)	500,000,000
1952	Kern County, Calif.	60,000,000
1933	Long Beach, Calif.	40,000,000
1979	Imperial County, Calif.	30,000,000
1960	Hawaii and west coast of United States (tsunami damage from earthquake off the coast of Chile)	25,500,000
1946	Hawaii (tsunami damage from earthquake in Aleutians)	25,000,000
1949	Puget Sound, Wash.	25,000,000
1906	San Francisco, Calif.	24,000,000*
1886	Charleston, S.C.	23,000,000

* *The San Francisco catastrophe of 1906 also caused fire losses estimated at $350,000,0000.*

Source: National Geophysical and Solar-Terrestrial Data Center.

HURRICANES REACHING THE U.S.

In the last quarter century, 35 hurricanes have reached the continental United States, leaving in their wake 1,509 dead. Two of history's most devastating hurricanes struck the U.S. within a two-week period in 1979: "Frederic," which swept through 10 states Sept. 12-14 and caused a record $752,510,000 in insured losses, and "David," which hit 12 states the District of Columbia, Puerto Rico and the Virgin Islands late in August and early September, leaving insured damages of more than $122 million.

Hurricanes in the U.S., 1955-1979

Year	Hurricanes	Deaths*	Year	Hurricanes	Deaths*	Year	Hurricanes	Deaths*
1955	3	218	**1964**	4	49	**1972**	1	121
1956	1	21	**1965**	1	75	**1973**	0	5
1957	1	395	**1966**	2	54	**1974**	1	1
1958	0	2	**1967**	1	18	**1975**	1	21
1959	3	24	**1968**	1	9	**1976**	1	9
1960	2	65	**1969**	2	256	**1977**	1	0
1961	1	46	**1970**	1	11	**1978**	0	35
1962	0	4	**1971**	3	8	**1979**	3	51
1963	1	11						

**Deaths include fatalities from high winds of less than hurricane force.*

Source: United States Department of Commerce—National Oceanic and Atmospheric Administration.

The 10 Most Costly Hurricanes

Dates	Place	Hurricane	Estimated Insured Loss
1979-Sept. 12-14	Miss., Ala., Fla., La., Tenn., Ky., W. Va., Ohio, Pa., N.Y.	"Frederic"	$752,510,000
1965-Sept. 7-10	Fla., La., Miss.	"Betsy"	715,000,000*
1970-Aug. 3	Southeastern Texas	"Celia"	309,950,000*
1969-Aug. 17-18	La., Miss., Ala., Florida Panhandle	"Camille"	225,000,000*
1954-Aug. 30-31	N.Y., Conn., R.I., Mass., Me., N.H., N.J.	"Carol"	129,700,000*
1979-Aug. 30, Sept. 4-6	Fla., Ga., S.C., N.C., Va., Md., D.C., Del., Pa., N.J., N.Y., Ct., Mass., P.R., V.I.	"David"	122,070,000
1954-Oct. 15-16	S.C., N.C., Va., W.Va., D.C., Md., Del., N.J., Pa., N.Y.	"Hazel"	122,050,000*
1975-Sept. 16-26	Fla., Ala., Ga., Tenn., W.Va., Va., Md., Del., D.C., Pa., N.J., N.Y., Mass., Conn., R.I., P.R.	"Eloise"	119,188,500
1961-Sept. 9-12	Tex., La. Gulf Coast	"Carla"	100,000,000*
1972-June 17-25	Fla., Ga., S.C., N.C., Va., W.Va., Ohio, Mich., Pa., Md., Del., D.C., N.J., N.Y., Conn., R.I., Mass., Me., Vt.	"Agnes"	97,853,000**

* *Fixed property loss.*

** *Hurricane "Agnes" caused extensive uninsured losses, largely as a result of heavy flooding. Total property damage is estimated by the National Oceanic and Atmospheric Administration at $3,097,800,000.*

Source: Compiled by Insurance Information Institute from American Insurance Association estimates.

TORNADOES IN THE UNITED STATES

Some 18,512 tornadoes have struck the United States in the last 25 years, taking a total of 2,446 lives. During 1979, a total of 852 tornadoes killed 84 persons, injured 3,077 and caused property damage estimated by the National Oceanic and Atmospheric Administration at "well in excess of one billion dollars."

Countrywide, over the last five years, 284 persons have died and 7,517 have been injured as the result of 4,245 tornadoes.

Tornadoes in The U.S. 1955-1979

Year	Tornadoes	Deaths	Year	Tornadoes	Deaths	Year	Tornadoes	Deaths
1955	593	126	**1964**	704	31	**1972**	741	27
1956	504	83	**1965**	906	296	**1973**	1,102	87
1957	856	192	**1966**	585	98	**1974**	947	361
1958	564	66	**1967**	926	114	**1975**	920	60
1959	604	58	**1968**	660	131	**1976**	835	44
1960	616	46	**1969**	608	66	**1977**	852	43
1961	697	51	**1970**	653	72	**1978**	788	53
1962	657	28	**1971**	888	156	**1979**	852	84
1963	464	31						

Source: United States Department of Commerce—National Oceanic and Atmospheric Administration.

Five Year Totals, Tornadoes by State, 1975-1979

State	Tornadoes	Deaths	Injuries	State	Tornadoes	Deaths	Injuries
Alabama	131	25	427	Nebraska	234	4	176
Alaska	0	0	0	Nevada	6	0	0
Arizona	13	0	3	New Hampshire	5	0	0
Arkansas	156	21	315	New Jersey	8	0	1
California	29	0	5	New Mexico	29	0	5
Colorado	149	0	8	New York	27	0	14
Connecticut	4	3	500	North Carolina	112	4	87
Delaware	12	0	10	North Dakota	157	6	48
District of Columbia	0	0	0	Ohio	66	0	68
Florida	379	8	405	Oklahoma	188	16	340
Georgia	93	6	313	Oregon	4	0	0
Hawaii	2	0	0	Pennsylvania	82	4	74
Idaho	3	0	2	Rhode Island	0	0	0
Illinois	131	13	262	South Carolina	51	1	56
Indiana	110	6	115	South Dakota	124	1	15
Iowa	166	13	208	Tennessee	52	5	166
Kansas	103	19	32	Texas	712	68	2,019
Kentucky	30	2	85	Utah	0	0	0
Louisiana	141	9	486	Vermont	0	0	0
Maine	5	0	2	Virginia	57	2	45
Maryland	33	0	2	Washington	6	0	0
Massachusetts	8	2	5	West Virginia	15	0	10
Michigan	131	5	198	Wisconsin	76	2	72
Minnesota	100	7	95	Wyoming	109	1	43
Mississippi	116	21	608	Puerto Rico	2	0	0
Missouri	64	10	189				
Montana	36	0	3	Countrywide Totals	4,245*	284	7,517

**Corrected for boundary-crossing tornadoes.*

Source: United States Department of Commerce — National Oceanic and Atmospheric Administration.

MOTOR VEHICLE ACCIDENTS

Although the number of traffic accidents in the United States declined in 1979 for the first time in five years, economic losses growing out of those accidents continued to rise as a result of steady increases in the costs of such related expenses as automobile repairs and medical and hospital care.

Projections by the Insurance Information Institute showed a 3.9 per cent reduction in the number of accidents, from 27.7 million in 1978 to 26.7 million in 1979, and a 2 per cent decline in injuries from 5.8 million to 5.7 million. However, the National Safety Council reported a .8 per cent increase in fatalities, from 51,000 to 51,900.

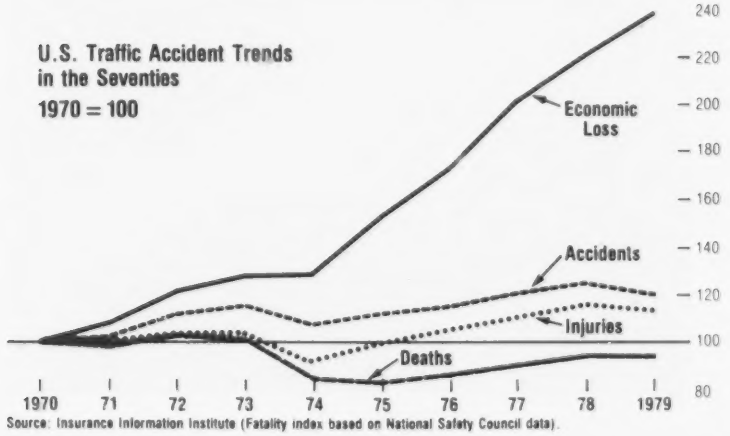
The economic loss figure climbed 7.1 per cent from $52.6 billion to $56.4 billion. The rate of increase was the lowest since 1974, when an energy crisis-related cutback in automobile usage combined with reduced driving speeds contributed to a marked improvement in the nation's highway accident experience.

The dollar loss data reflect the cost (both insured and uninsured) of paying for property damage and legal, medical and funeral bills, along with loss of income from absence from work and the administrative costs of insurance.

Traffic Accidents in the United States, 1955-1979

Year	Accidents*	Deaths**	Injuries+	Economic Loss*
1955	11,516,000	38,426	2,158,000	$ 5,400,000,000
1960	11,429,000	38,137	3,078,000	10,211,000,000
1965	14,733,000	49,163	3,982,000	14,177,000,000
1970	22,116,000	54,633	4,983,000	23,549,000,000
1975	24,887,000	45,853	4,978,000	36,058,000,000
1976	25,439,000	47,038	5,269,000	40,889,000,000
1977	26,716,000	49,510	5,575,000	47,710,000,000
1978	27,742,000	51,000	5,798,000	52,622,000,000
1979	26,669,000	51,900	5,681,000	56,371,000,000

Sources: *Insurance Information Institute.
**National Safety Council (1979 figure is preliminary estimate).
+Prior to 1965, The Travelers Insurance Companies; 1965 to present, Insurance Information Institute.



Source: Insurance Information Institute (Fatality index based on National Safety Council data).

ACCIDENTS BY AGE OF DRIVERS

Compilations based on reports from state traffic authorities show that drivers under age 30 are involved in a disproportionately high number of traffic accidents. In 1979, drivers in that age group comprised 33.7 per cent of the motoring population of the United States, but comprised 52.1 per cent of the drivers involved in all accidents and 51.1 per cent of the drivers in fatal accidents. The highest accident involvement rate (38 per 100 drivers) was that of drivers under age 20; the highest fatal accident involvement rate (79 per 100,000 drivers) was that of motorists in the 20-24 age bracket.

Accidents by Age of Drivers, 1979

Age Group	Number of Drivers	% of Total	Drivers in All Accidents	% of Total	Drivers in Fatal Accidents	% of Total	Accident Involvement Rate All*	Accident Involvement Rate Fatal**
Under 20	14,000,000	9.8	5,300,000	17.8	10,700	16.4	38	76
20-24	17,100,000	11.9	6,000,000	20.2	13,500	20.7	35	79
25-29	17,200,000	12.0	4,200,000	14.1	9,100	14.0	24	53
30-34	16,400,000	11.5	3,400,000	11.4	7,800	12.0	21	48
35-39	13,600,000	9.5	2,100,000	7.1	4,500	6.9	15	33
40-44	11,500,000	8.0	1,800,000	6.1	4,400	6.7	16	38
45-49	11,300,000	7.9	1,600,000	5.4	3,500	5.4	14	31
50-54	11,500,000	8.0	1,300,000	4.4	2,700	4.1	11	23
55-59	9,900,000	6.9	1,300,000	4.4	2,500	3.8	13	25
60-64	7,300,000	5.1	900,000	3.0	2,200	3.4	12	30
65-69	6,300,000	4.4	1,000,000	3.4	1,700	2.6	16	27
70-74	4,200,000	3.0	300,000	1.0	1,200	1.8	7	29
75 and over	2,800,000	2.0	500,000	1.7	1,400	2.2	8	50
Total	143,100,000	100.0	29,700,000	100.0	65,200	100.0	21	46

**Drivers in all accidents per 100 drivers in age group.*

***Drivers in fatal accidents per 100,000 drivers in age group.*

Source: National Safety Council.

AUTOMOBILE REPAIR COSTS

The cost of repairing automobiles continues to climb because of steady increases in the costs of parts and labor. A study of labor rates in key areas around the country reflects a range of $14.50 to $24.93 an hour early in 1980 and an average hourly rate of $16.45. The table below compares the cost of replacing frequently damaged parts of a popular model 1973 car involved in an accident early in 1974 and the 1980 model of the same car damaged in mid-1980.

Costs of Replacing Selected Parts, 1974 and 1980

	1973 Chevrolet Impala damaged in Feb. 1974			1980 Chevrolet Impala damaged in June 1980		
	Parts	Labor*		Parts	Labor**	
Front Bumper	$241.80	$ 39.57		$ 480.74	$ 59.22	
Grille	77.78	29.92		256.95	62.51	
Hood	134.94	23.16		285.25	39.48	
Front Fender (one side)	179.90	59.83		265.95	74.03	
Total	$634.42	$152.48	$786.90	$1,288.89	$235.24	$1,524.13

* *$9.65 an hour.* ** *$16.45 an hour.*

CLAIM COSTS, AUTO ACCIDENTS

The costs of insurance claim settlements and court awards resulting from auto accidents have risen steadily in recent years. From 1970 through 1979, the average paid bodily injury claim rose about 112 per cent from $1,676 to $3,559; the average paid property damage liability claim climbed approximately 123 per cent from $320 to $715.

**Countrywide Average Paid Claim Costs*
Liability Insurance, Private Passenger Cars**

Year	Bodily Injury	Property Damage	Year	Bodily Injury	Property Damage
1970	$1,676	$320	**1975**	$2,646	$445
1971	1,852	346	**1976**	2,583	490
1972	1,926	355	**1977**	2,890	544
1973	2,125	375	**1978**	3,123	622
1974	2,472	397	**1979**	3,559	715

**For all limits combined, and including all loss adjustment expenses. Dollar averages exclude Massachusetts (for all years) and most states which have no-fault automobile insurance laws.*

NOTE: An apparent decline in 1976 in the amount of the average paid bodily injury claim is the result of an adjustment resulting from a change in the data base, and does not necessarily reflect an improvement in the claims experience. The revised data base has been applied to all claims figures for 1976 and succeeding years, but not to the figures for earlier years.

Source: Insurance Services Office.

ACCIDENTAL DEATHS

Accidents in the United States in 1979 took approximately 103,500 lives, a 1 per cent decrease from the 1978 toll.

Slight declines were recorded in the numbers of fatalities resulting from residential accidents and from public accidents other than those involving motor vehicles.

Accidental Deaths, 1978-1979

	1979	1978	% Change
All accidents	103,500	104,500	−1%
Motor vehicle	51,900	51,500	+1%
Home	22,000	23,000	−4%
Work	13,200	13,000	+2%
Public (non-motor vehicle)	21,000	21,500	−2%

NOTE: Death figures shown for the four separate classifications total more than the "All Accidents" figure due to rounding and because some deaths are included in more than one classification.

Source: National Safety Council.

LOW-SPEED CRASH TESTS

American motorists are realizing substantial savings in automobile repair costs because of a federal standard requiring bumpers that can withstand damage in low-speed impacts, according to the Insurance Institute for Highway Safety.

Under government standards, 1979 model passenger cars were required to be invulnerable to damage in direct 5-mile-an-hour and 10-mile-an-hour impacts, with the exception of the bumpers themselves. The standards were tightened for most 1980 models to prohibit all but minimal damage to the bumpers.

IIHS said data from crash tests of 12 1980 model cars showed that the vehicles sustained little or no damage in 5-mile-an-hour front-into barrier and 10-mile-an-hour car-to-car rear-end impacts.

"This is in sharp contrast to the many hundreds of dollars per car sustained by 1971 and 1972 models – those manufactured before any federal standard was in effect – in identical crash tests," an IIHS executive commented.

As the test results were announced, Congress was considering legislation to roll back the test level from 5 to 2.5 miles an hour.

IIHS pointed to a 1979 study by the National Highway Traffic Safety Administration which it said "concluded that a 5 mph standard would save consumers about $400 million a year when compared with a 2.5 mph standard."

In the 1980 tests, the late-model cars were subjected to a variety of impacts whose results, in terms of monetary damage, are tabulated on the next page. Among the highlights:

- In 5 mph front-into-barrier impacts, the 12 cars sustained *no damage at all.* This was in contrast to damage results averaging more than $200 per car for 1972 model cars – those produced prior to any federal bumper standard – put through the same test by IIHS in 1971. (The $200 per car amount would be about doubled if adjusted to reflect 1980 parts and labor costs.)
- In 10 mph front-into-rear impacts, seven 1980-model subcompacts sustained an average of only $40 per crash in damage – and most of the cars sustained no damage at all. In contrast, four 1972-model subcompacts tested in 1971 sustained an average of $473 per crash in damage – and no crash produced less than $350 in damage. (Again, the 1972-model figures would be about doubled if adjusted to reflect current parts and labor costs.)

IIHS compared the test damage to the AMC Concord, which meets the 5 mph standard, with results of special crash tests of the AMC Eagle, basically the same vehicle with four-wheel drive, which

is exempt from the standard because of its multipurpose designation. The insurance safety organization noted that the Eagle's construction permits it to virtually meet a 2.5 mph bumper standard.

In identical crash tests, they performed as follows:

- 5 mph front into barrier: Concord, no damage; Eagle, $66 damage.
- 5 mph rear into pole: Concord, no damage; Eagle, $146 damage.
- 5 mph front into angle barrier: Concord, $3 damage; Eagle, $130 damage.
- 10 mph front into rear: Concord, $102 damage; Eagle, $168 damage.

Low-Speed Crash Test Results
1980 Model Cars

ESTIMATED COST TO REPAIR*

Model	5 MPH Front into Barrier	5 MPH Front into Angle Barrier	5 MPH Rear into Pole	10 MPH Front into Rear		
				Front Damage	Rear Damage	Damage to Both
SUBCOMPACTS:						
Plymouth Horizon	$ 0	$ 85	$ 0	$ 0	$ 0	$ 0
Ford Mustang	0	70	42	0	0	0
Volkswagen Rabbit	0	186	126	0	0	0
Chevrolet Chevette	0	285	141	0	0	0
Toyota Corolla	0	143	363	0	107	107
Honda Civic DX	0	455	175	0	0	0
Datsun 210	0	394	191	171	0	171
AVERAGES:	$ 0	$231	$148	$ 24	$ 15	$ 40
COMPACTS:						
AMC Concord	$ 0	$ 3	$ 0	$102	$ 0	$102
Chevrolet Citation	0	0	136	75	136	211
Ford Fairmont	0	0	293	0	202	202
Chevrolet Malibu	0	201	191	49	167	216
Buick Skylark	0	274	152	65	157	222
AVERAGES:	$ 0	$ 96	$154	$ 58	$132	$191
OVERALL AVERAGES:	$ 0	$175	$151	$ 39	$ 64	$103

**A labor rate of $14 per hour, slightly lower than the prevailing average labor rate in the U.S., was used.*

Source: Insurance Institute for Highway Safety.

AUTOMOBILE COLLISION INSURANCE CLAIMS

The frequency and cost of collision claims involving 1980 model cars during their first six months of operation were generally higher than those involving 1979 models during the same calendar period, according to the Highway Loss Data Institute (HLDI).

Overall, claims costs tended to be higher but the frequency of claims lower with the 1980 models than with 1979 cars involved in collisions during their first six months of use.

The experience of the compact models reflected, in some respects, an exception to the overall trend. A comparison of the claims experience of the two years' models during the first six months that the newer cars were in use shows that while the average loss payment per claim involving compacts was higher for the 1980 models, the frequency of claims was down and the average loss payment per insured vehicle year was unchanged.

"This may be due in part to the fact that the make-up of this size class changed radically for the 1980 models with the introduction of the large-selling GM X-body cars," HLDI said. Claim frequencies were "substantially lower" for the X-body cars than for other compacts, although average loss payments were about the same.

HLDI said the study also showed, as in past years, that claim frequencies and average loss payments were considerably higher for males and unmarried females under age 25 than for other drivers.

The detailed results of the study of claims involving 1980 models are presented relative to the results for all 1980 vehicles combined.

Loss Experience Summary by Vehicle Size and Model Year — Collision Coverage*

		1979 Models		1980 Models	Per Cent
		9/78-2/79**	9/79-2/80	9/79-2/80	Change
Loss Category	Car Size Group	(1)	(2)	(3)	(2) to (3)
Claim Frequency	Subcompact	13.4	10.5	11.3	+ 8
Per 100 Insured	Compact	11.3	9.9	9.1	− 8
Vehicle Years	Intermediate	9.4	8.6	9.0	+ 5
	Full-size	11.0	9.6	9.7	+ 1
Average Loss	Subcompact	$1,109	$1,164	$1,183	+ 2
Payment Per	Compact	944	1,040	1,127	+ 8
Claim	Intermediate	960	1,028	1,215	+18
	Full-size	1,130	1,183	1,237	+ 5
Average Loss	Subcompact	$149	$123	$134	+ 9
Payment Per	Compact	107	103	103	0
Insured Vehicle	Intermediate	90	88	109	+24
Year	Full-size	124	114	120	+ 5

* *Based on collision coverage and loss data provided by nine auto insurers.*

** *These data have been revised since their publication in 1979 as initial results.*

Source: Highway Loss Data Institute.

Loss Payment Summary by Make and Series
1980 Models — Collision Coverages*

Make	Series	Total Exposure (insured vehicle years)	Relative Claim Frequency[1]	Relative Average Loss Payment Per Claim[2]	Relative Average Loss Payment per insured vehicle year[3]
All	**All**	**121,790**	**100**	**100**	**100**
Subcompact		**58,656**	**110**	**102**	**112**
Volkswagen	Rabbit 2-Dr.	5,499	88	90	79
Mazda	626 2-Dr.	1,123	111	73	81
Chevrolet	Chevette 2-Dr.	3,371	87	97	85
American	Spirit 2-Dr.	1,442	96	98	93
Honda	Civic 2-Dr.	2,428	108	90	98
Mazda	GLC 2-Dr.	1,337	107	94	100
Honda	Accord 2-Dr.	1,272	87	115	100
Chevrolet	Monza 2-Dr.	2,495	115	92	105
Datsun	210 2-Dr.	1,552	102	105	107
Ford	Pinto 2-Dr.	1,498	94	115	108
Datsun	310 2-Dr.	1,589	117	97	113
Pontiac	Sunbird 2-Dr.	1,627	106	108	114
Ford	Mustang 2-Dr.	3,485	107	108	115
Plymouth	Horizon 2-Dr.	1,164	110	118	129
Toyota	Celica 2-Dr.	5,999	169	113	190
Dodge	Omni 4-Dr.	1,312	80	88	70
Chevrolet	Chevette 4-Dr.	4,599	82	92	75
Plymouth	Horizon 4-Dr.	1,784	79	109	86
Datsun	510 4-Dr.	1,004	128	105	134
Mazda	RX7 Sport Model	1,190	175	108	189
Compact		**47,152**	**88**	**97**	**86**
Chevrolet	Citation 2-Dr.	4,143	88	95	84
Oldsmobile	Cutlass 2-Dr.	5,314	95	94	89
Buick	Skylark 2-Dr.	1,542	90	100	90
Buick	Century/Regal 2-Dr.	3,770	94	97	92
Buick	Skylark 4-Dr.	2,230	69	78	54
Chevrolet	Citation 4-Dr.	4,762	72	80	58
Pontiac	Phoenix 4-Dr.	1,202	72	80	58
Oldsmobile	Cutlass 4-Dr.	1,994	80	85	68
Buick	Century 4-Dr.	1,314	70	110	78
Pontiac	Grand Prix Specialty	1,633	101	100	101
Chevrolet	Monte Carlo Specialty	1,858	96	112	108
Ford	Thunderbird Specialty	1,831	97	119	115
Chevrolet	Camaro Specialty	1,750	138	98	136
Pontiac	Firebird Specialty	1,088	123	140	173
Intermediate		**13,959**	**87**	**104**	**91**
Oldsmobile	Delta 88 4-Dr.	1,119	61	96	59
Full Size		**2,023**	**94**	**106**	**100**
Cadillac	De Ville 2-Dr. Specialty	1,032	112	125	139

**Based on collision coverage and loss data provided by nine auto insurers.*

[1] Base: 100 equals 10.3, the average claim frequency per 100 insured vehicle years of all models compared in the study.

[2] Base: 100 equals $1,164, the average all-model loss payment per claim.

[3] Base: 100 equals $120, the average all-model loss payment per insured vehicle year.

Source: Highway Loss Data Institute.

AUTOMOBILE PERSONAL INJURY INSURANCE CLAIMS

The size of a car has a direct relationship to the frequency of personal injury claims filed by its occupants, according to studies by the Highway Loss Data Institute (HLDI) which show that the smaller the car, the higher the frequency of injury claims.

The studies also show that the frequency of such claims involving male drivers and unmarried female drivers under age 25 is far greater than the frequency for other drivers.

HLDI said a study involving 1978 model passenger cars counted an average of 20.8 claims for every 1,000 insured vehicle years. However, the frequency was found to increase significantly with decreasing car size (wheelbase): full size, 16.7; intermediate, 16.9; compact, 20.3; and subcompact, 25.4. HLDI said previous studies "have repeatedly documented a pattern of higher injury rates for small cars compared with large cars."

Within each of the four car size groups, the injury claim frequencies were higher for regular two-door models than the corresponding four-door models. Within the subcompact, compact and intermediate groups, injury claim frequencies were highest for sports or specialty models.

Growing Accident Potential

(Viewed in the context of other studies which reflect a trend toward more small car purchases, findings of the HLDI personal injury study and of a companion study of auto collision insurance claims (see page 58) suggest a growing potential for bodily injury and physical damage in highway accidents.

(A 1980 poll by the Roper Organization brought out that while some 71 per cent of the cars Americans then owned were full size or mid-size, only 43 per cent of the public said their next car would fall into one of those categories. Some 32 per cent said they would buy compacts and 11 per cent, subcompacts.

(The poll also showed that a majority of car owners had autos which already were more than five years old, which may be taken as an indication that many of the planned smaller car purchases may be relatively imminent.)

The HLDI study took into account claims involving 655,491 insured vehicle years. It was based on personal injury protection (PIP) coverages provided in 20 states which have forms of "no-fault" auto insurance, and covered the experience of 41 individual car models from the time of their introduction through December, 1978.

In a report covering both 1978 and 1977 model cars, HLDI detailed the actual injury claim frequency of each model, as well as a relative claim frequency showing the relationship of each model's claim experience to the overall experience of all cars combined. The

latter compilation is, in effect, an index based on the overall experience (20.8 claims per 1,000 vehicle years) equalling 100. HLDI said the lowest relative claim frequency of 55 (45 per cent better than average) was that of the 4-door Oldsmobile Delta 88, an intermediate model. The highest (144, or 44 per cent above average) was that of the 2-door Honda Civic, a subcompact.

Injury Claim Frequency* by Size of Car and Operator Age Group
Personal Injury Protection Coverages — 1978 Models

Car Size	All Drivers	Youthful Operator**	No Youthful Operator
All Combined	20.8	32.2	18.8
Subcompact	25.4	37.0	23.3
Compact	20.3	29.8	18.6
Intermediate	16.9	24.6	15.6
Full Size	16.7	22.9	15.6

** Per 1,000 vehicle years.*

*** Males and unmarried females under 25 years of age.*

Source: Highway Loss Data Institute.

Injury Claim Frequency Index* by Size of Car and Operator Age Group
Personal Injury Protection Coverages — 1978 Models

Car Size	All Drivers	Youthful Operator**	No Youthful Operator
All Combined	100	155	90
Subcompact	122	178	112
Compact	98	143	89
Intermediate	81	118	75
Full Size	80	110	75

**Base = 100 (per 1,000 vehicle years).*

***Males and unmarried females under 25 years of age.*

Source: Highway Loss Data Institute.

INJURIES AND DEATHS AT WORK

The number of on-the-job fatalities in the United States increased in 1979 for the third consecutive year. National Safety Council data reflect a 1.5 per cent increase in fatalities and a 4.5 per cent increase in work-related injuries.

The death rate per 100,000 workers continued to decline because of the growth of the nation's employed labor force.

Work Fatalities and Injuries 1950-1979

Year	Employed Labor Force (Millions)	Fatalities	Fatalities per 100,000 Workers	Injuries	Injuries per 100,000 Workers
1950	58.9	15,500	26.3	1,950,000	3,211
1960	65.8	13,800	21.0	1,950,000	2,964
1970	78.6	13,800	17.6	2,200,000	2,798
1975	84.8	13,000	15.3	2,200,000	2,594
1976	87.5	12,500	14.3	2,200,000	2,514
1977	90.5	12,900	14.2	2,300,000	2,540
1978	94.4	13,000	13.8	2,200,000	2,331
1979	96.9	13,200	13.6	2,300,000	2,374

Sources: Bureau of Labor Statistics; National Safety Council.

ECONOMIC LOSSES, ACCIDENTS AT WORK

Dollar losses resulting from accidents at work jumped by some 18.9 per cent in 1979 to reach a record $25.2 billion. While this economic loss figure has been rising steadily, the increase should be interpreted in terms of trends in the nation's economy. Specifically, the work force has increased steadily while the value of the dollar has just as steadily declined. Applying these factors in terms of a constant 1967 dollar, the cost of occupational accidents averaged $119.57 in 1979 as compared to $58.85 per worker in 1950.

The cost of work accidents includes wages lost and medical expenses, as well as indirect loss resulting from damage to equipment and materials, production delays, time lost by workers not involved in the accident, and the administrative costs of insurance.

Economic Losses* from Work Accidents 1950-1979

Year	Economic Loss	Year	Economic Loss
1950	$ 2,500,000,000	**1976**	$15,800,000,000
1960	4,400,000,000	**1977**	18,600,000,000
1970	8,000,000,000	**1978**	21,200,000,000
1975	14,000,000,000	**1979**	25,200,000,000

**Figures do not include direct losses in business fires.*

Source: National Safety Council.

CRIMES AGAINST PROPERTY

The dollar cost of crime continues to run into the billions. Data of the Federal Bureau of Investigation reflected an increase of 9.1 per cent in the overall crime index in 1979.

The FBI said the number of crimes against property, of which business and industry are major victims, increased 8.9 per cent in 1979. Dollar losses from the crimes of robbery, burglary, larceny and motor vehicle theft alone rose more than 29 per cent to $7.05 billion, the FBI said.

But the overall cost of crime clearly is much higher when other kinds of offenses, including such costly crimes as embezzlement, arson and vandalism, are taken into account.

Late in 1980, the FBI released its first data on arson as a "Part I" crime. Its report included data only on confirmed arson or attempted arson and excluded fires of suspicious origin. The FBI said it received complete reports on 69,100 arson offenses in 1979, with dollar losses estimated at more than $500 million. (The National Fire Protection Association put the cost of incendiary and suspicious fires in 1979 at more than $1.32 billion.)

While the total cost of embezzlement and other white collar crimes is not readily measurable, the American Management Association's Crimes Against Business Project as long ago as 1977 estimated the cost of non-violent crimes by individuals against business at $30 billion to $40 billion a year.

Crimes against property reported by the FBI in 1979:

ROBBERY: 466,880 offenses; property loss $248 million.

BURGLARY: 3,299,500 offenses; property loss $2.1 billion.

LARCENY-THEFT: 6,577,500 offenses; property loss $1.7 billion.

MOTOR VEHICLE THEFT: 1,097,189 offenses; property loss $3.0 billion.

Crimes Against Property, 1970-1979

Year	Robbery	Burglary	Larceny-Theft
1970	349,860	2,205,000	4,225,800
1971	387,700	2,399,300	4,424,200
1972	376,290	2,375,500	4,151,200
1973	384,220	2,565,500	4,347,900
1974	442,400	3,039,200	5,262,500
1975	464,970	3,252,100	5,977,700
1976	420,210	3,089,800	6,270,800
1977	404,850	3,052,200	5,905,700
1978	417,040	3,104,500	5,983,400
1979	466,880	3,299,500	6,577,500

For additional data on automobile thefts, see page 64.

Source: Federal Bureau of Investigation.

MOTOR VEHICLE THEFTS

Motor vehicle thefts in the United States rose about 10.6 per cent in 1979, with decreases recorded in only five states. Countrywide, the ratio of vehicles stolen to vehicles registered worsened from one of every 155 vehicles in 1978 to one of every 145 vehicles in 1979.

Motor Vehicle Registrations and Thefts, 1970-1979

Year	Motor Vehicle Registrations*	Thefts*	Ratio of Vehicles Stolen/Regist.	Thefts per 100,000 Registrations
1970	111,250,529	923,200	1 in 121	830
1971	116,266,238	942,900	1 in 123	811
1972	122,421,440	882,200	1 in 139	721
1973	129,774,378	925,713	1 in 140	713
1974	134,904,676	977,068	1 in 138	724
1975	139,221,000	1,000,455	1 in 139	719
1976	142,397,000	957,599	1 in 149	673
1977	148,880,000	968,340	1 in 154	650
1978	153,637,000	991,611	1 in 155	646
1979	159,396,000**	1,097,189	1 in 145	688

*Includes motorcycles.

**Estimated.

Sources: Federal Bureau of Investigation; Federal Highway Administration, Motor Vehicle Manufacturers Association.

Motor Vehicle Thefts by State, 1978-1979

	1979	1978	% Change		1979	1978	% Change
Alabama	12,064	11,319	+ 6.6	Montana	2,447	2,411	+ 1.5
Alaska	2,501	2,666	− 6.2	Nebraska	4,296	3,393	+26.6
Arizona	12,085	10,933	+10.5	Nevada	4,945	3,971	+24.5
Arkansas	4,225	4,364	− 3.2	New Hampshire	2,882	2,662	+ 8.3
California	167,563	154,108	+ 8.7	New Jersey	51,045	41,075	+24.3
Colorado	13,345	13,028	+ 2.4	New Mexico	4,433	3,803	+16.6
Connecticut	21,905	20,296	+ 7.9	New York	124,343	119,264	+ 4.3
Delaware	2,882	2,897	− 0.5	North Carolina	12,523	11,228	+11.5
District of Columbia	3,606	3,194	+12.9	North Dakota	1,067	966	+10.5
Florida	38,298	33,400	+14.7	Ohio	47,099	43,210	+ 9.0
Georgia	21,304	18,126	+17.5	Oklahoma	12,355	10,119	+22.1
Hawaii	6,546	5,120	+27.9	Oregon	9,759	9,649	+ 1.1
Idaho	2,460	2,140	+15.0	Pennsylvania	45,679	40,035	+14.1
Illinois	60,327	57,477	+ 5.0	Rhode Island	7,367	7,547	− 2.4
Indiana	23,381	22,090	+ 5.8	South Carolina	8,684	8,058	+ 7.8
Iowa	7,829	6,808	+15.0	South Dakota	1,199	1,104	+ 8.6
Kansas	6,479	5,816	+11.4	Tennessee	16,091	14,297	+12.5
Kentucky	9,035	8,766	+ 3.1	Texas	72,836	57,821	+26.0
Louisiana	16,421	14,341	+14.5	Utah	4,587	4,364	+ 5.1
Maine	2,610	2,764	− 5.6	Vermont	1,662	1,043	+59.3
Maryland	20,232	17,599	+15.0	Virginia	12,826	11,788	+ 8.8
Massachusetts	66,051	63,259	+ 4.4	Washington	17,057	14,903	+14.5
Michigan	55,440	48,323	+14.7	West Virginia	3,799	3,269	+16.2
Minnesota	13,366	13,012	+ 2.7	Wisconsin	12,587	10,736	+17.2
Mississippi	4,013	3,650	+ 9.9	Wyoming	1,635	1,452	+12.6
Missouri	19,988	17,926	+11.5				

Source: Federal Bureau of Investigation.

AIRCRAFT ACCIDENTS

Swollen by 273 deaths in a DC-10 crash at Chicago on May 25, the fatality toll resulting from U.S. commercial airline accidents more than doubled in 1979, to 353 from the 1978 total of 163. The number of fatal accidents was the same as in 1978, although the total number of accidents increased 38 per cent from the record low of 24 recorded in 1978. The accident rate rose from .009 to .011 per million aircraft miles.

Accidents in general aviation — aircraft other than large commercial passenger and cargo planes — declined by more than 5 per cent from 1978 to 1979. Declines also were recorded in the numbers of fatal accidents and of fatalities. The acident rate per million aircraft miles dropped from .90 to .84.

U.S. Air Carrier Accidents, 1970-1979

Year	Miles Flown	Accidents	Fatal Accidents	Fatalities
1970	2,684,552,000	55	8	146
1971	2,660,731,000	48	8	203
1972	2,619,043,000	50	8	190
1973	2,646,669,000	43	9	227
1974	2,464,295,000	47	9	467
1975	2,477,764,000	45	3	124
1976	2,568,113,000	28	4	45
1977	2,684,072,000	26	5	655
1978	2,742,860,000	24	6	163
1979	2,928,950,000	33	6	353

Source: National Transportation Safety Board (1979 figures are preliminary estimates).

General Aviation Accidents, 1970-1979

Year	Miles Flown	Accidents	Fatal Accidents	Fatalities
1970	3,207,127,000	4,712	641	1,310
1971	3,143,181,000	4,648	661	1,355
1972	3,317,100,000	4,256	695	1,426*
1973	3,686,802,000	4,255	723	1,412
1974	3,863,799,000	4,425	729	1,438
1975	3,938,952,000	4,237	675	1,345
1976	4,172,406,000	4,193	695	1,320
1977	4,402,126,000	4,286	702	1,436
1978	4,964,400,000	4,494	793	1,770*
1979	5,052,800,000	4,238	658	1,311

**Includes commercial aircraft fatalities (1972-5, 1978-142) when in collision with general aviation aircraft.*

Source: National Transportation Safety Board (1979 figures are preliminary estimates).

BOATING ACCIDENTS BY STATE

Deaths resulting from boating accidents in the United States increased by 6 per cent from 1978 to 1979, according to the U.S. Coast Guard. The data reported to the Coast Guard account for 95 to 100 per cent of all boating fatalities but only a relatively small percentage of other accidents.

Boating Accidents by State, 1979

State	Accidents	Fatalities	Injuries	Property Damage
Alabama	117	35	45	$ 175,400
Alaska	55	37	13	149,200
Arizona	104	17	81	217,700
Arkansas	8	8	1	200
California	653	99	251	2,539,100
Colorado	41	17	11	19,000
Connecticut	72	8	37	186,500
Delaware	34	6	6	85,800
District of Columbia	7	4	2	85,000
Florida	508	111	182	3,428,900
Georgia	108	43	43	104,000
Hawaii	59	7	9	429,200
Idaho	37	4	28	62,100
Illinois	87	29	68	118,000
Indiana	87	24	47	59,500
Iowa	67	25	44	51,600
Kansas	39	20	21	46,000
Kentucky	52	18	23	147,700
Louisiana	159	73	105	220,300
Maine	42	12	14	76,400
Maryland	225	37	93	767,600
Massachusetts	66	20	15	217,200
Michigan	247	59	140	243,100
Minnesota	93	25	56	157,000
Mississippi	47	33	23	148,300
Missouri	174	23	84	494,400
Montana	17	9	7	33,500
Nebraska	29	5	17	30,000
Nevada	32	4	12	69,800
New Hampshire	11	4	7	11,400
New Jersey	205	30	83	895,200
New Mexico	29	3	15	28,600
New York	293	55	136	817,100
North Carolina	138	52	65	152,600
North Dakota	5	1	5	10,500
Ohio	94	34	59	167,800
Oklahoma	71	19	40	135,400
Oregon	120	43	64	750,600
Pennsylvania	82	29	43	112,500
Rhode Island	66	8	20	210,100
South Carolina	105	42	48	229,200
South Dakota	2	1	2	0
Tennessee	85	40	47	229,400
Texas	239	106	105	373,900
Utah	95	4	50	278,200
Vermont	13	5	7	5,800
Virginia	90	23	34	160,600
Washington	184	45	49	907,300
West Virginia	16	8	10	16,700
Wisconsin	116	32	92	129,400
Wyoming	25	2	3	16,600
Guam	3	0	0	6,200
Puerto Rico	6	1	1	369,500
Virgin Islands	9	1	0	304,400
Totals	5,368	1,400	2,463	$16,681,500

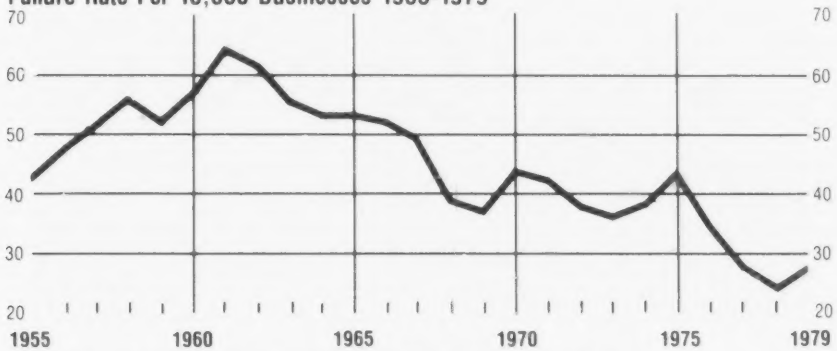
Source: U.S. Coast Guard.

BUSINESS FAILURE TRENDS

After declining for three consecutive years, the number of business failures in the United States rose by some 14.3 per cent in 1979, to 7,465 from 6,619 in 1978. The failure rate increased from 24 to 28 per 10,000 businesses. While the overall cost of business failures rose from $2.36 billion to $2.67 billion, the average cost per failure declined slightly from $355,946 to $352,639.

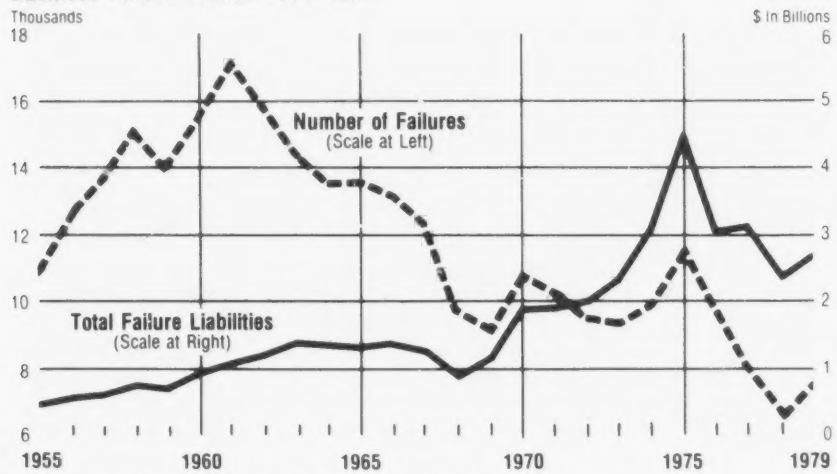
A sizeable percentage of losses due to business failure could have been covered by use of credit insurance. Credit insurance protects a manufacturer or wholesaler when title to merchandise has been transferred to a customer who has not yet paid for it. Payment is made by the insurance company if the account proves uncollectible because of business failure or if the account is more than 90 days past due.

Failure Rate Per 10,000 Businesses 1955-1979



Source: Insurance Information Institute, based on data provided by Dun & Bradstreet, Inc.

Business Failure Trends 1955-1979



Source: Insurance Information Institute, based on data provided by Dun & Bradstreet, Inc.

HEALTH INSURANCE BENEFITS

Private insurance companies pay about 52 per cent of the nation's billions of dollars of health insurance benefits. Private insurers paid some $26,300,000,000 in such benefits in 1978, the latest year for which such statistics were available. Blue Cross, Blue Shield and other hospital-medical plans paid about $24.3 billion. A review by the Health Insurance Institute disclosed that in 1978 the average cost per hospital stay ranged from a low of $983.70 in Arkansas to highs of $2,667.60 in the District of Columbia and $2,491.40 in Massachusetts. The range on the basis of the average daily hospital cost was from $147.90 in Montana to $425.70 in Alaska.

Countrywide, the average hospital cost per day increased 12.1 per cent from $197.90 in 1977 to $221.90 in 1978.

Health Insurance Benefits Paid 1978

	Paid by Insurance Co's. (in thousands)	Paid by Blue Cross, Blue Shield & Others (in thousands)	Average Hospital Cost Per Day	Average Length Hospital Stay in Days	Average Cost Per Hospital Stay
Alabama	$ 300,000	$ 348,000	$176.10	7.1	$1,250.30
Alaska	37,000	5,000	425.70	5.5	2,341.40
Arizona	307,000	121,000	251.30	7.1	1,784.20
Arkansas	147,000	126,000	153.70	6.4	983.70
California	2,672,000	2,762,000	333.60	6.6	2,201.80
Colorado	249,000	195,000	229.20	6.7	1,535.60
Connecticut	397,000	393,000	269.30	7.5	2,019.80
Delaware	45,000	116,000	225.10	8.4	1,890.80
District of Columbia	111,000	442,000	321.40	8.3	2,667.60
Florida	939,000	325,000	216.50	7.4	1,602.10
Georgia	575,000	242,000	198.30	6.3	1,249.30
Hawaii	46,000	195,000	232.60	7.3	1,698.00
Idaho	67,000	67,000	190.00	6.1	1,159.00
Illinois	1,535,000	1,016,000	239.40	7.9	1,891.30
Indiana	555,000	557,000	196.10	7.7	1,510.00
Iowa	241,000	317,000	171.50	7.5	1,286.30
Kansas	197,000	277,000	176.70	7.7	1,360.60
Kentucky	215,000	322,000	162.40	7.0	1,136.80
Louisiana	386,000	220,000	201.50	6.4	1,289.60
Maine	73,000	97,000	202.30	7.7	1,557.70
Maryland	316,000	430,000	241.70	8.4	2,030.30
Massachusetts	468,000	980,000	289.70	8.6	2,491.40
Michigan	1,005,000	1,977,000	250.30	7.9	1,977.40
Minnesota	393,000	250,000	178.20	8.9	1,586.00
Mississippi	214,000	84,000	151.40	6.9	1,044.70

Health Insurance Benefits (continued)

	Paid by Insurance Co's. (in thousands)	Paid by Blue Cross, Blue Shield & Others (in thousands)	Average Hospital Cost Per Day	Average Length Hospital Stay in Days	Average Cost Per Hospital Stay
Missouri	$ 525,000	$ 535,000	$193.00	8.3	$1,601.90
Montana	60,000	54,000	147.90	7.9	1,168.40
Nebraska	144,000	124,000	165.00	8.3	1,369.50
Nevada	100,000	15,000	288.70	6.4	1,847.70
New Hampshire	60,000	78,000	193.50	7.0	1,354.50
New Jersey	626,000	808,000	195.50	8.8	1,720.40
New Mexico	103,000	48,000	242.50	5.8	1,406.50
New York	1,593,000	3,010,000	246.60	9.7	2,392.00
North Carolina	420,000	371,000	171.70	7.5	1,287.80
North Dakota	44,000	89,000	159.20	8.3	1,321.40
Ohio	1,141,000	1,581,000	211.90	8.0	1,695.20
Oklahoma	250,000	154,000	203.20	6.5	1,320.80
Oregon	215,000	326,000	259.90	6.0	1,559.40
Pennsylvania	844,000	1,939,000	215.80	8.4	1,812.70
Rhode Island	37,000	172,000	256.70	8.0	2,053.60
South Carolina	211,000	171,000	166.80	7.1	1,184.30
South Dakota	60,000	22,000	159.80	6.5	1,038.70
Tennessee	414,000	352,000	173.80	7.2	1,251.40
Texas	1,597,000	646,000	197.00	6.6	1,300.20
Utah	100,000	89,000	243.30	5.2	1,265.20
Vermont	31,000	52,000	174.00	8.3	1,444.20
Virginia	367,000	436,000	187.50	8.0	1,500.00
Washington	280,000	509,000	255.00	5.6	1,428.00
West Virginia	150,000	255,000	169.90	7.3	1,240.30
Wisconsin	396,000	578,000	201.00	8.0	1,608.00
Wyoming	39,000	29,000	200.80	5.2	1,044.20
Countrywide	$26,300,000*	$24,307,000	$221.90	7.6	$1,686.40
1977 Totals	$22,078,000*	$20,885,000	$197.90	7.6	$1,504.10

**Includes $5.003 billion for 1978 and $3.803 billion for 1977 in Administrative Service Agreement benefit payments not allocated by state.*

Source: Health Insurance Institute.

AUTOMOBILE FINANCIAL RESPONSIBILITY AND COMPULSORY LAWS

Every state has a law on its books, commonly known as a financial responsibility law, under which a person involved in an automobile accident may be required to furnish proof of financial responsibility (usually done in the form of automobile liability insurance) up to certain minimum dollar limits. The provinces of Canada have similar laws. Mexico has no financial responsibility law as such, but requires an auto liability insurance policy written with a Mexican company.

More than half the states have laws requiring registered car owners to have liability insurance or, in some cases, some other approved form of security. These "compulsory" auto insurance laws are in effect in California, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nevada, New Jersey, New York, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, South Carolina, Utah and Wyoming. Florida requires its car owners to have first-party "personal injury protection" insurance.

Even where ownership of automobile liability insurance is not compulsory, the existence of the financial responsibility laws, along with the ever-present threat of a financially-crippling judgment in the event of an accident, has come to make the possession of automobile liability insurance a virtual necessity for most motorists.

Nevertheless, there are many motorists who are considered doubtful risks or whose poor driving records label them as obviously bad insurance risks. In all states, there are procedures through which such persons are able to obtain coverage. For additional information about these procedures, see "Automobile Insurance Plans," page 31.

Automobile Financial Responsibility Limits

State	Liability Limits *	State	Liability Limits *
Alabama	10/20/5	Rhode Island	25/50/10
Alaska	25/50/10	South Carolina	15/30/5
Arizona	15/30/10	South Dakota	15/30/10
Arkansas	10/20/5	Tennessee	10/20/5
California	15/30/5	Texas	10/20/5
Colorado	15/30/5	Utah	15/30/5[2]
Connecticut	20/40/5	Vermont	20/40/10
Delaware	10/20/5	Virginia	25/50/5
District of Columbia	10/20/5	Washington	25/50/10
Florida	10/20/5	West Virginia	20/40/10
Georgia	10/20/5	Wisconsin	15/30/10
Hawaii	25/unlimited/10	Wyoming	10/20/5
Idaho	10/20/5		
Illinois	15/30/10	**CANADA**	
Indiana	15/30/10		
Iowa	10/20/5	Alberta	$100,000 inclusive**
Kansas	15/30/5		
Kentucky	10/20/5	British Columbia	$100,000 inclusive
Louisiana	5/10/1		
Maine	20/40/10	Manitoba	$50,000 inclusive
Maryland	20/40/10		
Massachusetts	10/20/5	New Brunswick	$100,000 inclusive
Michigan	20/40/10		
Minnesota	25/50/10	Newfoundland	$75,000 inclusive
Mississippi	10/20/5		
Missouri	10/20/2	Northwest Territories	$50,000 inclusive
Montana	25/50/5		
Nebraska	15/30/10	Nova Scotia	$100,000 inclusive
Nevada	15/30/5		
New Hampshire	20/40/5	Ontario	$100,000 inclusive
New Jersey	15/30/5		
New Mexico	15/30/5	Prince Edward Island	$100,000 inclusive
New York	10/20/5[1]		
North Carolina	25/50/10	Quebec	$50,000 property damage[3]
North Dakota	25/50/10		
Ohio	12.5/25/7.5	Saskatchewan	$35,000 inclusive
Oklahoma	5/10/5		
Oregon	15/30/5	Yukon	$75,000 inclusive
Pennsylvania	15/30/5		

* *The first two figures refer to bodily injury liability limits and the third figure to property damage liability. For example, 10/20/5 means coverage up to $20,000 for all persons injured in an accident, subject to a limit of $10,000 for one individual, and $5,000 coverage for property damage.*

** *"Inclusive" means that the amount of liability insurance shown is available to settle either bodily injury or property damage claims — or both.*

[1] *50/100 in cases of wrongful death.* [2] *May be $25,000 single limit.*

[3] *Quebec has a complete no-fault system for bodily injury claims, scaled down for non-residents in proportion to their degree of fault. The $50,000 limit relates to liability for damage to property in Quebec and to liability for bodily injury and property damage outside Quebec.*

Source: American Insurance Association; Insurance Bureau of Canada.

"NO-FAULT" AUTOMOBILE INSURANCE

A major change in the biggest single line of property and liability insurance—automobile insurance—has been in the making since the early Seventies. Widespread dissatisfaction with the operation of the traditional tort liability system, under which recoveries by accident victims of their losses are often dependent upon proving who caused the accident, has led to:

- The adoption of "first-party" laws by about half the states and consideration of similar action by most of the other states. A number of states have enacted laws mandating the purchase of auto liability insurance and a form of "no-fault" insurance which permits accident victims to recover such financial losses as medical and hospital expenses and lost income from their own insurance companies. Most of those states also have some restrictions on the right to sue. Several other state laws make optional the purchase of "first party" coverages up to specified minimum limits. In Nevada, a "no-fault" law was repealed, effective Jan. 1, 1980, leaving 24 states with forms of "first-party" auto insurance laws.
- The advancement of a model accident reparations act by the National Conference of Commissioners on Uniform State Laws.
- Proposals in Congress for federal "no-fault" legislation.

Among the states which have adopted forms of "no-fault" auto insurance, the major variations involve: dollar limits on medical and hospital expenses (unlimited in some states), funeral and burial expenses, lost income and the amount to be paid a person hired to perform essential services that an injured non-income producer is unable to perform; also, conditions governing the right to sue which usually include death, serious injury and a point at which medical expenses reach a stipulated amount.

Jurisdictions which have forms of "first-party" auto insurance and the dates on which the laws originally became effective, follow.

***Compulsory first-party/liability insurance; some restrictions on lawsuits**

Colorado, April 1, 1974	Kentucky, July 1, 1975	North Dakota, January 1, 1976
Connecticut, January 1, 1973	Massachusetts, January 1, 1971	Pennsylvania, July 19, 1975
*Florida, January 1, 1972	Michigan, October 1, 1973	Utah, January 1, 1974
Georgia, March 1, 1975	Minnesota, January 1, 1975	*Puerto Rico, 1970
Hawaii, September 1, 1974	New Jersey, January 1, 1973	
Kansas, January 1, 1974	New York, February 1, 1974	

Compulsory first-party and liability insurance; no restrictions on lawsuits

Delaware, January 1, 1972	Maryland, January 1, 1973	Oregon, January 1, 1972

Compulsory liability, optional first-party insurance; no restrictions on lawsuits

South Carolina, October 1, 1974

Insurance not compulsory; first-party benefits optional, no restrictions on lawsuits

Arkansas, July 1, 1974	South Dakota, January 1, 1972	Virginia, January 1, 1972
New Hampshire, October 1, 1971	Texas, August 27, 1973	

**Florida and Puerto Rico abolished compulsory liability insurance in 1977, but retained compulsory first-party "personal injury protection" insurance.*

THE REGULATION OF INSURANCE

The business of property and casualty insurance is subject to two powerful forms of control: a high intensity of competition among insurance companies and strict regulation state by state.

The degree of competition is reflected by the fact that in a field which is served by more than 2,800 companies, no single company or group has more than 7.5 per cent of the property/liability insurance market. The 10 largest companies combined have only a little more than a third of the market.

As a business which is inherently linked with the public interest, property and casualty insurance is closely regulated by designated authorities in every state and in other jurisdictions. Also, certain insurer activities are subject to regulation by federal agencies.

In essence, the basic charge to which the state regulatory authorities are committed is to assure the continued solvency of each company in order that it might be ready to discharge its obligation to policyholders, to ascertain that customers are neither overcharged nor unfairly discriminated against, and to regulate the business in a way that will encourage the companies to make essential insurance protection as readily available to the public as is practicable.

The procedures for reviewing and effectuating property and casualty rates include, in many states, the requirement that rates be approved in advance by the regulator. In a number of other states, rate changes generally may be made without prior approval. In those states, rates are subject to the forces of competition among insurers and to subsequent review by the regulator to assure that they are not inadequate, excessive or unfairly discriminatory.

Greater reliance on "properly structured" price competition as "the most effective way to assure the availability of property/casualty insurance at costs that are fair, reasonable and not excessive" was recommended in an advisory committee report in mid-1980 to the National Association of Insurance Commissioners, the organization of state regulators. The committee, made up of insurance buyers and consumer representatives as well as insurance people, was charged with studying the merits of competitive pricing, with a view to development of a model "competitive rating" law.

The committee also said, among other things, that pricing flexibility would stimulate market innovation, enhance pricing accuracy and enable insurers to adjust rapidly to changes in costs to assure supply and availability of insurance.

The State Regulatory Authorities

Alabama: Tharpe Forrester, Commissioner of Insurance, Administrative Building, Montgomery, Alabama 36104. Tel. 205-832-6140.

Alaska: Kenneth C. Moore, Director of Insurance, Pouch "D", Juneau, Alaska 99801. Tel. 907-465-2515.

Arizona: J. Michael Low, Director of Insurance, 1601 West Jefferson, Phoenix, Arizona 85007. Tel. 602-255-4862.

Arkansas: William H.L. Woodyard III, Insurance Commissioner, 400-18 University Tower Building, Little Rock, Arkansas 72204. Tel. 501-371-1325.

California: Wesley J. Kinder, Insurance Commissioner, 600 South Commonwealth, Los Angeles, Calfornia 90005. Tel. 213-736-2551.

Colorado: J. Richard Barnes, Commissioner of Insurance, 106 State Office Building, Denver, Colorado 80203. Tel. 303-839-3201.

Connecticut: Joseph C. Mike, Insurance Commissioner, Room 425 State Office Building, Hartford, Connecticut 06115. Tel. 203-566-5275.

Delaware: David Elliott, Insurance Commissioner, 21 The Green, Dover, Delaware 19901. Tel. 302-678-4251.

District of Columbia: James R. Montgomery III, Acting Superintendent of Insurance, 614 H Street, N.W., Suite 512, Washington, D.C. 20001. Tel. 202-727-1273.

Florida: Bill Gunter, Insurance Commissioner, State Capitol, Tallahassee, Florida 32304. Tel. 904-488-7056.

Georgia: Johnnie L. Caldwell, Insurance Commissioner, 238 State Capitol, Atlanta, Georgia 30334. Tel. 404-656-2056.

Guam: Ignacio C. Borja, Insurance Commissioner, P.O. Box 2796, Agana, Guam 96910.

Hawaii: Tany S. Hong, Director, Department of Regulatory Agencies, P.O. Box 544, Honolulu, Hawaii 96809. Tel. 808-548-7505. Clifford Miyoi, Insurance Commissioner, P.O. Box 3614, Honolulu, Hawaii 96811. Tel. 808-548-6522. David T. Ishikawa, Motor Vehicle Insurance Commissioner, P.O. Box 2399, Honolulu, Hawaii 96804. Tel. 808-548-5450.

Idaho: Trent M. Woods, Director of Insurance, 700 West State Street, Boise, Idaho 83720. Tel. 208-384-2250.

Illinois: Philip R. O'Connor, Director of Insurance, 320 West Washington, Springfield, Illinois 62767. Tel. 312-793-2420.

Indiana: H. Pete Hudson, Commissioner of Insurance, 509 State Office Building, Indianapolis, Indiana 46204. Tel. 317-232-2385.

Iowa: Bruce W. Foudree, Commissioner of Insurance, State Office Building, Des Moines, Iowa 50319. Tel. 515-281-5705.

Kansas: Fletcher Bell, Commissioner of Insurance, State Office Building, Topeka, Kansas 66612. Tel. 913-296-3071.

Kentucky: Daniel D. Briscoe, Insurance Commissioner, 151 Elkhorn Ct., Frankfort, Kentucky 40601. Tel. 502-564-3630.

Louisiana: Sherman A. Bernard, Commissioner of Insurance, P.O. Box 44214, Baton Rouge, Louisiana 70804. Tel. 504-342-5328.

Maine: Theodore T. Briggs, Superintendent of Insurance, State Office Building, Augusta, Maine 04333. Tel. 207-289-3141.

Maryland: Edward J. Birrane Jr., Insurance Commissioner, One South Calvert Building, Baltimore, Maryland 21202. Tel. 301-383-5690.

Massachusetts: Michael J. Sabbagh, Commissioner of Insurance, 100 Cambridge Street, Boston, Massachusetts 02202. Tel. 617-727-3333.

Michigan: Mrs. Nancy Baerwaldt, Commissioner of Insurance, P.O. Box 30220, Lansing, Michigan 48909. Tel. 517-374-9724.

Minnesota: Michael D. Markman, Commissioner of Insurance, 500 Metro Square Building, St. Paul, Minnesota 55101. Tel. 612-296-6907.

Mississippi: George Dale, Commissioner of Insurance, P.O. Box 79, Jackson, Mississippi 39205. Tel. 601-354-7711.

Missouri: William Arthur Jones, Acting Director of Insurance, P.O. Box 690, Jefferson City, Missouri 65101. Tel. 314-752-2451.

Montana: Elmer V. Omholt, Commissioner of Insurance, Mitchell Building, Helena, Montana 59601. Tel. 406-449-2040.

Nebraska: Walter D. Weaver, Director of Insurance, 301 Centennial Mall South, Lincoln, Nebraska 68509. Tel. 402-471-2201 Ext. 238.

Nevada: Donald W. Heath, Insurance Commissioner, Nye Building, Carson City, Nevada 89710. Tel. 702-885-4270.

New Hampshire: Frank E. Whaland, Insurance Commissioner, 169 Manchester Street, Concord, New Hampshire 03301. Tel. 603-271-2261.

New Jersey: James J. Sheeran, Commissioner of Insurance, 201 East State Street, Trenton, New Jersey 08625. Tel. 609-292-5363.

New Mexico: Manuel A. Garcia, Jr., Superintendent of Insurance, P.O. Drawer 1269, Sante Fe, New Mexico 87501. Tel. 505-827-2451.

New York: Albert B. Lewis, Superintendent of Insurance, Two World Trade Center, New York, New York 10047. Tel. 212-488-4124.

North Carolina: John R. Ingram, Commissioner of Insurance, P.O. Box 26387, Raleigh, North Carolina 27611. Tel. 919-733-7343.

North Dakota: Byron Knutson, Commissioner of Insurance, Capitol Building, Fifth Floor, Bismarck, North Dakota 58501. Tel. 701-224-2444.

Ohio: Robert L. Ratchford, Director of Insurance, 2100 Stella Court, Columbus, Ohio 43215. Tel. 614-466-3584.

Oklahoma: Gerald Grimes, Insurance Commissioner, 408 Will Rogers Memorial Building, Oklahoma City, Oklahoma 73105. Tel. 405-521-2828.

Oregon: Wilfred W. Fritz, Insurance Commissioner, 158-12th Street, N.E., Salem, Oregon 97301. Tel. 503-378-4271.

Pennsylvania: Michael L. Browne, Commissioner of Insurance, Strawberry Square, 13th & 14th Floors, Harrisburg, Pennsylvania 17120. Tel. 717-787-5173.

Puerto Rico: Rolando Cruz, Commissioner of Insurance, P.O. Box 3508, San Juan, Puerto Rico 00904. Tel. 809-724-6565.

Rhode Island: Thomas J. Caldarone Jr., Insurance Commissioner, 100 North Main Street, Providence, Rhode Island 02903. Tel. 401-277-2223.

South Carolina: John W. Lindsay, Insurance Commissioner, 2711 Middleburg Drive, Columbia, South Carolina 29204. Tel. 803-758-2185.

South Dakota: Henry J. Lussem, Director of Insurance, Insurance Building, Pierre, South Dakota 57501. Tel. 605-773-3563.

Tennessee: John C. Neff, Commissioner of Insurance, 114 State Office Building, Nashville, Tennessee 37219. Tel. 615-741-2241.

Texas: E.J. Voorhis, Commissioner of Insurance, 1110 San Jacinto Boulevard, Austin, Texas 78786. Tel. 512-475-2273.

Utah: Roger C. Day, Commissioner of Insurance, 326 South 5th East, Salt Lake City, Utah 84102. Tel. 801-533-5611.

Vermont: George A. Chaffee, Commissioner of Insurance, State Office Building, Montpelier, Vermont 05602. Tel. 802-828-3301.

Virgin Islands: Henry A. Millin, Commissioner of Insurance, P.O. Box 450, Charlotte Amalie, St. Thomas, Virgin Islands 00801. Tel. 809-774-2991.

Virginia: James W. Newman Jr., Commissioner of Insurance, 700 Blanton Building, Richmond, Virginia 23209. Tel. 804-786-3741.

Washington: Dick Marquardt, Insurance Commissioner, Insurance Building AQ21, Olympia, Washington 98504. Tel. 206-753-7301.

West Virginia: Richard G. Shaw, Insurance Commissioner, 1800 Washington Street, E., Charleston, West Virginia 25305. Tel. 304-348-3386.

Wisconsin: Susan Mitchell, Commissioner of Insurance, 123 West Washington Avenue, Madison, Wisconsin 53702. Tel. 608-266-3585.

Wyoming: John T. Langdon, Insurance Commissioner, 2424 Pioneer, Cheyenne, Wyoming 82001. Tel. 307-777-7401.

DEFINITIONS

Property Insurance: Provides financial protection against loss or damage to the insured's property caused by such perils as fire, theft, windstorm, hail, explosion, riot, aircraft, motor vehicles, vandalism, malicious mischief, riot and civil commotion, and smoke.

Liability Insurance: Covers the insured's legal liability resulting from injuries to other persons or damage to their property.

Life Insurance: Provides for payment of a specified amount on the insured's death, either to his or her estate or to a designated beneficiary; or in the case of an endowment policy, to the policyholder at a specified date.

Accident and Health Insurance: A type of coverage that pays benefits, sometimes including reimbursement for loss of income, in case of sickness, accidental injury or accidental death.

Actual Cash Value: The cost of repairing or replacing damaged property with other of like kind and quality in the same physical condition; commonly defined as replacement cost less depreciation.

Agent: The *independent agent* is an independent businessman who usually represents two or more insurance companies in a sales and service capacity and who is paid on a commission basis. The *exclusive agent* represents only one company, usually on a commission basis. The *direct writer* is the salaried or commissioned employee of a single company.

Aircraft Insurance: Covers property and liability losses arising from the ownership or operation of aircraft.

Allied Lines: A term for forms of insurance allied with property insurance, covering such perils as sprinkler leakage, water damage and earthquake.

Arson: The willful and malicious burning of, or attempt to burn, any structure or other property, often with criminal or fraudulent intent.

Assets: All funds, property, goods, securities, rights of action or resources of any kind owned by an insurance company, less such items as are declared non-admissable for accounting purposes by state laws, including deferred or overdue premiums.

Automobile Insurance Plan: Formerly called and still sometimes referred to as "assigned risk" plan. A program to make automobile insurance available to persons who are unable to obtain such insurance in the voluntary market.

Automobile Liability Insurance: Protection for the insured against financial loss because of legal liability for car-related injuries to others or damage to their property.

Automobile Physical Damage Insurance: Coverage for damages or loss to automobile of policyholder, resulting from collision, fire, theft and other perils.

Boiler and Machinery Insurance: Coverage for loss arising out of the operation of pressure, mechanical and electrical equipment. It may cover loss to the boiler and machinery itself, damage to other property, and business interruption losses.

Broker: A marketing specialist who represents buyers of property and liability insurance and who deals with either agents or companies in arranging for the coverage required by the customer.

Burglary: Theft involving illegal entry.

Burglary and Theft Insurance: Protection for loss of property due to burglary, robbery or larceny.

Business Interruption Insurance: Coverage for loss of earnings in case the policyholder's business is shut down by fire, windstorm, explosion or other insured peril.

Catastrophe: In insurance, a term applied to an incident or series of related incidents involving a loss of more than a million dollars.

Coinsurance: A provision in an insurance policy which requires the insured to carry insurance equal to a certain specified percentage of the value of the property. It provides for the full payment, up to the amount of the policy, of all losses if the insurance carried is at least equal to the specified amount. Otherwise, payment would be only a predetermined percentage of the actual loss.

Commercial Multiple Peril Policy: A package type of insurance for the commercial establishment, that includes a wide range of essential coverages.

Comprehensive Personal Liability Insurance: Protection for an insured against loss arising out of legal liability to pay money for damage or injury to others for which the insured is responsible. Does not include automobile liability or business operations.

Credit Insurance: A guarantee to manufacturers, wholesalers and service organizations that they will be paid for goods shipped or services rendered. Applies to that part of working capital which is represented by accounts receivable.

Crop-Hail Insurance: Protection against damage to growing crops as a result of hail or certain other named perils.

Deductible: An amount which a policyholder agrees to pay, per claim or per accident, toward the total amount of the insured loss. Insurance is written on this basis at reduced rates.

Dividend: (1) An amount returned to a policyholder by an insurance company out of its earnings. (2) In capital stock companies, a share of profits distributed to stockholders.

Earthquake: A trembling or shaking of the earth, often resulting in severe damage.

Economic Loss: The estimated total cost, both insured and uninsured, of mishaps (such as motor vehicle accidents, work accidents and fires). Includes such factors as property damage; medical, hospital and legal costs; funeral expenses; wage loss, and insurance administrative costs.

Extended Coverage Insurance: Protection for the insured against property damage caused by windstorm, hail, smoke, explosion, riot, riot attending a strike, civil commotion, vehicle and aircraft. This is provided in conjunction with the fire insurance policy and the various "package" policies.

FAIR Plan: A facility, operating under a government-insurance industry cooperative program, to make fire insurance and other forms of property insurance readily available to persons who have difficulty obtaining such coverage.

Farmowners-Ranchowners Insurance: A package policy for a farm or a ranch, providing property and liability coverages against both personal and business losses.

Federal Crime Insurance: Insurance against burglary, larceny and robbery losses offered by the federal government where the Federal Insurance Administration has determined that such insurance is not otherwise available.

Fidelity Bond: A form of protection which reimburses an employer for losses caused by dishonest or fraudulent acts of employees.

Financial Responsibility Law: A law under which a person involved in an automobile accident may be required to furnish security up to certain minimum dollar limits. Each state has such a law.

Fire Insurance: Coverage for losses caused by fire and lightning, plus resultant damage caused by smoke and water.

Flood Insurance: Coverage against loss resulting from the flood peril.

General Liability: A form of coverage that pertains, for the most part, to claims arising out of the insured's liability for injuries or damage caused by ownership of property, manufacturing operations, contracting operations, sale or distribution of products, and the operation of elevators and the like, as well as professional services.

Glass Insurance: Protection for loss or damage to glass and its appurtenances by any cause except fire and war.

Group Insurance: Any insurance plan under which a number of persons and their dependents are insured under a single policy, issued to their employer or to an association with which they are affiliated, with individual certificates given to each insured person.

Guaranty Fund: A fund, derived from assessments against solvent insurance companies, to absorb losses of claimants against insolvent companies.

Health Insurance: Insurance against financial losses resulting from sickness or accidental bodily injury.

Homeowners Policy: A package type of insurance for the home owner that includes coverages ranging from fire and extended coverage, theft and personal liability to "all risk" coverages.

Hurricane: A tropical storm with a wind velocity of 75 or more miles an hour.

Inland Marine Insurance: Generally covers articles that may be transported from one place to another as well as bridges, tunnels and other instrumentalities of transportation. It includes goods in transit (generally excepting trans-ocean) as well as numerous "floater" policies such as those covering personal effects, personal property, jewelry, furs, fine arts and others.

Insurance Company: An organization chartered to operate as an insurer.

Insured: Person or organization covered by an insurance policy, including the "named insured" and any other parties for whom protection is provided under the policy terms.

Investment Income: The portion of a company's income which is derived from the return on any investment of its funds, including the interest and dividends on stocks and bonds.

Larceny-Theft: The unlawful taking, carrying, leading or riding away of another person's property.

Liability Limits: The stipulated sum or sums beyond which an insurance company is not liable to protect the insured.

Malpractice Insurance: Coverage for a professional practitioner, such as a doctor or a lawyer, against liability claims resulting from alleged malpractice in the performance of the insured's services.

Medical Payments Insurance: A coverage, available in various liability insurance policies, in which the insurer agrees to reimburse the insured and others, without regard for the insured's liability, for medical or funeral expenses incurred as the result of bodily injury or death by accident under specified conditions.

Multiple Peril Insurance: Policies that combine many perils previously covered by individual fire and liability policies.

No-fault Automobile Insurance: A form of insurance by which a person's financial losses resulting from an automobile accident, such as medical and hospital expenses and loss of income, are paid by his or her own insurer without concern for who was at fault.

Ocean Marine Insurance: Coverage for sea-going vessels, including liabilities connected with them, and their cargoes.

Package Policy: A single insurance policy that includes several coverages.

Policyholder: A person who pays a premium to an insurance company in exchange for the insurance protection provided by a policy of insurance.

Policyholders' Surplus: Sum left after liabilities are deducted from assets. Sums such as paid-in capital and special voluntary reserves are also included in this term. This surplus is an additional financial protection to policyholders in the event a company suffers unexpected or catastrophic losses.

Premium: The sum paid for an insurance policy. *Net premiums written* represent premium income retained by insurance companies, direct or through reinsurance, less payments made for business reinsured. *Direct written premiums* are the amounts actually paid by policyholders.

Premium Tax: A tax, imposed by each state, on gross income of insurers doing business in a state.

Product Liability Insurance: Protection against financial loss arising out of the legal liability incurred by a manufacturer, merchant or distributor because of injury or damage resulting from the use of a covered product, or out of the liability incurred by a contractor (as a result of improperly performed work) after he has completed a job.

Rate: The pricing factor upon which the insurance buyer's premium is based.

Reinsurance: Assumption by one insurance company of all or part of a risk undertaken by another insurance company.

Robbery: The taking of property from a person by force or by threat of violence.

Statutory Underwriting Profit or Loss: Premiums earned less losses and expenses.

Surety Bond: An agreement providing for monetary compensation in the event of a failure to perform specified acts within a stated period. The surety company, for example, becomes responsible for fulfillment of a contract if the contractor defaults.

Tornado: A whirling wind, accompanied by a funnel-shaped cloud, very violent and destructive in a narrow path, often for many miles over the land.

Umbrella Liability: Covers losses in excess of amounts covered by other liability insurance policies; also protects the insured in many situations not covered by the usual liability policies.

Underwriting Profit or Loss: The amount of money which an insurance company gains or loses as a result of its underwriting operations. A net gain or loss on underwriting operations represents a company's statutory underwriting result less any amount it may pay to its policyholders in the form of dividends.

Uninsured Motorist Protection: Covers the policyholder and family members if injured by a hit-and-run motorist or a driver who carries no liability insurance, assuming the other driver is at fault.

Workers' Compensation Insurance: A method of providing for the cost of medical care and weekly payments to injured employees or to dependents of those killed in industry, regardless of blame.

INSURANCE, SERVICE ORGANIZATIONS

The following are among the national organizations of or supported by insurance companies, or whose activities are closely related to insurance. Also listed are certain state organizations which subscribe to the services of the Insurance Information Institute. National and state organizations which subscribe to the Institute are identified by an asterisk (*).

Alliance of American Insurers, Paul S. Wise, president, 20 North Wacker Dr., Chicago, Ill. 60606. Tel. 312-558-3700. Trade association to facilitate cooperation among fire and casualty insurance companies in matters of concern to them and their policyholders.

All-Industry Research Advisory Council, B.R. Hendrickson, executive director, 7315 Wisconsin Ave., Suite 231-W, Bethesda, Md. 20014. Tel. 301-986-1915. Provides the public and the insurance industry with timely research information relevant to public policy issues affecting risk and insurance.

American Association of Insurance Services, Melvin H. DeYoung, president, 221 N. LaSalle, Chicago, Ill. 60601. Tel. 312-236-6325. Rating, statistical and advisory organization for personal and commercial lines of insurance with membership comprised principally of small and medium size companies.

American Council of Life Insurance, Robert F. Froehlke, president, 1850 K St., N.W., Washington, D.C. 20006. Tel. 202-862-4000. Trade association responsible for the public relations, government, legislative and research aspects of the life insurance business.

American Institute of Marine Underwriters, Thomas A. Fain, president, 14 Wall St., New York, N.Y. 10005. Tel. 212-233-0550. Provides information of interest to marine underwriters, and promotes the interest of those underwriters.

American Institute for Property and Liability Underwriters, Inc., Edwin S. Overman, Ph.D., CPCU, president, Providence and Sugartown Roads, Malvern, Pa. 19355. Tel. 215-644-2100. Establishes educational standards for professional property and liability insurance underwriting; fosters training.

American Insurance Association, T. Lawrence Jones, president, 85 John St., New York, N.Y. 10038. Tel. 212-433-4400. Trade and service organization of the property and casualty insurance industry; provides a forum for the discussion of problems; provides safety, promotional and legislative services.

***American Nuclear Insurers,** Burt C. Proom, president, The Exchange, Building #3, Farmington Ave., Farmington, Conn. 06032. Tel. 203-677-7305. A nonprofit, unincorporated association through which liability and property insurance protection is provided against hazards arising out of nuclear reactor installations and their operations.

American Prepaid Legal Services Institute, Alec M. Schwartz, executive director, 1155 East 60th St., Chicago, Ill. 60637. Tel. 312-947-3661. National membership organization to provide information and technical assistance to lawyers, insurance companies, administrators, marketers and consumers regarding group and prepaid legal service plans.

***Association of Fire and Casualty Companies in Texas,** Don W. McKay, executive manager, c/o Millers Insurance Group, Box 2269, Fort Worth, Tex. 76113. Tel. 817-332-7761. Represents domestic Texas property and liability insurance companies in seeking to broaden consumer knowledge of insurance and in supporting legislation to improve the insurance business.

***Automobile Insurance Plans Service Office,** Richard J. Decker, president, 733 Third Ave., New York, N.Y. 10017. Tel. 212-867-0500. Develops and files rates and provides other services for automobile insurance plans countrywide.

Casualty Actuarial Society, W. James MacGinnitie, president, One Penn Plaza, New York, N.Y. 10001. Tel. 212-560-1018(9). Promotes actuarial and statistical science in all insurance fields except life.

College of Insurance, A. Leslie Leonard, president, 123 William St., New York, N.Y. 10038. Tel. 212-962-4111. Insurance industry-supported college providing a complete curriculum leading to bachelor's and master's degrees in business administration and a bachelor of science degree in actuarial science.

Conference of Insurance Legislators, Charles Davis, executive secretary, P.O. Box 17805, Milwaukee, Wis. 53217. Tel. 414-332-0330. Organization of chairmen of state legislative committees concerned with insurance-related matters.

Crop-Hail Insurance Actuarial Association, E. Ray Fosse, executive secretary, 209 West Jackson Blvd., Chicago, Ill. 60606. Tel. 312-922-7722. Rating and research organization and statistical agent for crop-hail insurance and rain insurance on public events, business ventures, and private proceedings.

Defense Research Institute, Inc. John J. Kircher, research director, 1100 West Wells St., Suite 702, Milwaukee, Wisc. 53233. Tel. 414-272-5995. Service organization to improve the administration of justice and improve the skills of defense lawyers.

Federal Insurance Administration, Gloria M. Jimenez, Federal Insurance Administrator, 451 Seventh St., S.W., Washington, D.C. 20410. Tel. 202-755-6770. Administers the federal flood insurance, urban property insurance and crime insurance programs.

***Fire Prevention and Engineering Bureau of Texas,** J.E. Vaughn, manager, 1320 Mercantile Securities Building, Dallas, Tex. 75201. Tel. 214-747-0681. Performs risk inspections, prepares underwriting reports, inspects fire defenses of Texas cities for members and subscribers.

Foreign Credit Insurance Association, Reginald J. Denton, president, One World Trade Center, 9th Floor, New York, N.Y. 10048. 212-432-6200. Offers credit insurance facilities for U.S. exporters through cooperation of the insurance business and the Export-Import Bank of Washington.

Health Insurance Institute, Kenneth W. White, vice president and general manager, 1850 K St., N.W., Washington, D.C. 20006. Tel. 202-862-4000. Central source of health insurance information for the public on behalf of insurance companies; monitors public attitudes and reactions to health insurance developments.

Highway Loss Data Institute, Dr. William Haddon Jr., president, Watergate Six Hundred, 600 New Hampshire Ave., N.W., Washington, D.C. 20037. Tel. 202-333-6200. Nonprofit organization to gather, process and provide the public with insurance data concerned with human and economic losses resulting from highway accidents.

Independent Insurance Agents of America, Inc., Donald W. Perin Jr., CPCU, executive vice president, 85 John St., New York, N.Y. 10038. Tel. 212-285-4250. Trade association of independent insurance agents.

***Inland Marine Underwriters Association,** Thomas A. Fain, president, 14 Wall St., New York, N.Y. 10005. Tel. 212-233-7958. Forum for discussion of problems of common concern to inland marine insurers; makes recommendations dealing with forms and legislation.

Institute for Civil Justice, Gustave H. Shubert, director, 1700 Main St., Santa Monica, Cal. 90406. Tel. 213-393-0411. Organization formed within the Rand Corporation to perform independent, objective research and analysis concerning the civil justice system.

Insurance Accounting and Statistical Association, Walter R. Mason, secretary-treasurer, Mutual Plaza, Durham, N.C. 27701. Tel. 919-683-2356. An international organization to promote the study, research and development of modern techniques in insurance accounting and statistics.

* **Insurance Arbitration Forums,** Bernard L. Hines Jr., secretary, Board of Governors, 83 Maiden Lane, New York, N.Y. 10038. Tel. 212-269-2920. Industry-supported non-profit organization to arbitrate intercompany disputes.

Insurance Crime Prevention Institute, James F. Ahern, executive director, 15 Franklin St., Westport, Conn. 06880. Tel. 203-226-6347. Serves casualty insurers in the investigation of fradulent insurance claims, other than accident, health and workers' compensation.

Insurance Information Institute, Mechlin D. Moore, president, 110 William St., New York, N.Y. 10038. Tel. 212-233-7650. An educational, fact-finding and communications organization for all lines of insurance except life and health insurance. It is supported by more than 200 insurance companies and provides services on a subscribership basis to many major industry organizations.

Insurance Institute for Highway Safety, Dr. William Haddon Jr., president, Watergate Six Hundred, 600 New Hampshire Ave., N.W., Washington D.C. 20037. Tel. 202-333-0770. Traffic safety organization supported by automobile insurers.

Insurance Institute for Research, Irwin S. Kelson, president, 222 Mamaroneck Ave., White Plains, N.Y. 10605. Tel. 914-682-0800. An industry-sponsored institute serving as the focal point for improving electronic communications capabilities in the insurance agency system.

Insurance Institute of America, Inc. Edwin S. Overman, Ph.D., CPCU, president, Providence and Sugartown Roads, Malvern, Pa. 19355. Tel. 215-644-2100. Provides educational opportunities in property and liability insurance and related fields; provides standards for measurement of achievement; conducts research.

***Insurance Services Office,** Daniel J. McNamara, president, 160 Water St., New York, N.Y. 10038. Tel. 212-487-5000. Provides a wide range of advisory, rating, actuarial, statistical and other services relating to property and casualty insurance, including the development of policy forms, rates, premiums and related services for multiple line coverages. Offers services, including research studies, to insurers or other persons or organizations.

***Kansas Association of Property and Casualty Insurance Companies,** L.M. Cornish, secretary-treasurer, 900 Merchants Tower, 8th and Jackson Streets, Topeka, Kan. 66612. Tel. 913-232-0545. Organization representing 17 domestic insurance companies in Kansas.

***Metropolitan Chicago Loss Bureau,** Don Merchan, manager, 175 W. Jackson Blvd., Suite A1717, Chicago, Ill. 60604. Tel. 312-322-2500. Assists insurance companies with property claims adjustment and arson and fraud claims investigation.

National Association of Casualty and Surety Agents, Bruce T. Wallace, executive vice president. 5225 Wisconsin Ave., N.W., Suite 302, Washington, D.C. 20015. Tel 202-362-0101. A trade organization dedicated to safeguarding the public interest, preserving a competitive market, and working with others for the good of the insurance business and the public.

National Association of Casualty and Surety Executives, Lawrence M. Zippin, executive secretary, 85 John St., New York, N.Y. 10038. Tel. 212-433-4488. Organization to provide insurance companies and agents with a forum for discussion of industry problems relating to the public's interest.

National Association of Health Underwriters, John K. Pardee, executive vice president, 145 North Ave., Hartland, Wisc. 53029. Tel. 414-367-3248. Professional association of persons engaged in the sale and service of disability income and hospitalization and major medical health insurance.

National Association of Independent Insurers, Arthur C. Mertz, president. 2600 River Rd., Des Plaines, Ill. 60018. Tel. 312-297-7800. Trade association of fire, casualty and surety insurers.

National Association of Insurance Brokers, Inc., Donald L. Jordan, executive director, Suite 2700, 111 John St., New York, N.Y. 10038. Tel. 212-962-5630. Trade association of commercial insurance brokers.

National Association of Insurance Commissioners, Jon S. Hanson, executive secretary, 350 Bishops Way, Brookfield, Wisc. 53005. Tel. 414-271-4464. Organization of state insurance commissioners to promote uniformity in state supervision of insurance matters, and to recommend legislation in the various state legislatures.

National Association of Insurance Women, Mary Lynn Claiborne, executive director, 1847 East 15th St., Tulsa, Okla. 74104. Tel. 918-932-5195. Fosters educational programs for members. Promotes public safety and service programs.

National Association of Mutual Insurance Companies, Harold H. Walters, president, 7931 Castleway Dr., Indianapolis, Ind. 46250. Tel. 317-842-2880. Trade association of property and casualty mutual insurance companies.

National Association of Surety Bond Producers, Inc., Bruce T. Wallace, executive vice president, 5225 Wisconsin Ave., N.W., Suite 302, Washington, D.C. 20015. Tel. 202-362-0101. Trade association of surety bond producers.

National Automobile Theft Bureau, Paul W. Gilliland, president, 10330 South Roberts Rd., Palos Hills, Ill. 60482. Tel. 312-430-2430. Conducts stolen vehicle recovery and auto theft prevention activities on behalf of the insurance industry.

National Committee on Insurance Guaranty Funds, Margaret G. McCarthy, executive secretary, 85 John St., New York, N.Y. 10038. Tel. 212-433-4416. Advisory organization to the state guaranty fund boards; gathers and disseminates information regarding insurer insolvencies.

***National Committee on Property Insurance,** Eugene L. Lecomte, president, City Bank & Trust Building, 55 Court St., Suite 210, Boston, Mass. 02108. Tel. 617-367-5912. Provides advice and assistance to insurers writing property coverages in distressed or residual insurance markets.

***National Council on Compensation Insurance,** Kevin M. Ryan, president, One Penn Plaza, New York, N.Y. 10001. Tel. 212-560-1000. Develops and administers rating plans and systems for workers' compensation insurance.

National Crime Prevention Association, Wilbur Rykert, president, 985 National Press Building, 529 14th St., N.W., Washington, D.C. 20045. Tel. 202-347-2230. Coordinates national strategy and provides information on crime prevention efforts.

***National Crop Insurance Association,** John F. Ames, executive vice president, 2850 South Circle Drive, Building 1, Suite 322, Colorado Springs, Colo. 80906. Tel. 303-576-5111. National trade association of insurance companies writing hail, fire and other weather perils to growing crops.

National Fire Protection Association, Robert W. Grant, president, 470 Atlantic Ave., Boston, Mass. 02210. Tel. 617-482-8755. Independent, nonprofit source of technical and educational information on fire protection, prevention and suppression; develops and publishes consensus fire safety standards; sponsors national Learn Not to Burn campaign.

National Safety Council, Vincent L. Tofany, president, 444 North Michigan Ave., Chicago, Ill. 60611. Tel. 312-527-4800. Provides national support and leadership in the field of safety; publishes safety materials of all kinds; conducts a public information and publicity program in support of safety.

Professional Insurance Agents, Trevor A. White, executive vice president, 400 N. Washington St., Alexandria, Va. 22314. Tel. 703-836-9340. Trade association of insurance agents.

Property-Casualty Insurance Council, Robert B. Wilcox, president, 1st National Bank Plaza, Suite 3950, Chicago, Ill. 60603. Tel. 312-236-7124. Organization of property and casualty insurance associations and companies to provide a forum for discussion of major issues and to facilitate coordination and cooperation in dealing with those issues, and to develop and recommend programs in research and in consumer and legislative information.

***Property Insurance Plans Service Office,** Eugene L. Lecomte, president. City Bank & Trust Building, 55 Court St., Suite 210, Boston, Mass. 02108. Tel. 617-367-5912. Provides technical and administrative services to the various state property insurance plans.

Reinsurance Association of America, Charles W. Havens III, president, 1025 Connecticut Ave., N.W., Suite 512, Washington, D.C. 20036. Tel. 202-293-3335. Trade association of property and casualty reinsurers; provides legislative services for members.

Risk and Insurance Management Society, Inc., Ron E. Judd, executive director. 205 East 42nd St., New York, N.Y. 10017. Tel. 212-557-3210. Organization of corporate buyers of insurance which makes known to insurers the insurance needs of business and industry, and which supports loss prevention and provides a forum for the discussion of common objectives and problems.

Society of Chartered Property and Casualty Underwriters, James W. Hamilton, CPCU, executive vice president, Kahler Hall, Providence Rd., (CB No. 9), Malvern, Pa. 19355. Tel. 215-648-0440. Professional society to foster the higher education of those engaged in insurance and risk management; encourages and conducts research.

Society of Insurance Research, John P. Verel, president, Box 933, Appleton, Wisc. 54912. Stimulates insurance research and fosters exchanges among society members on research methodology.

***Surety Association of America,** Lloyd Provost, acting general manager, 100 Wood Ave. South, (Metro-Park), Iselin, N.J. 08830. Tel. 201-494-7600. Statistical, rating, development and advisory organization and forum for surety companies.

***Texas Automobile Insurance Plan,** H.L. Begeman, general manager, 404 Brown Building, Austin, Texas 78701. Tel. 512-477-5322. Provides market for drivers unable to obtain liability insurance through commercial channels.

***Texas Automobile Insurance Service Office,** James F. Devereux, general manager, American Bank Tower, Suite 350, 221 West Sixth St., Austin, Tex. 78701. Tel. 512-476-9174. Insurers' organization licensed to advise the State Insurance Board on auto forms, rates, rating procedures, classifications and coverages.

***Texas Catastrophe Property Insurance Association,** Charles Smith, manager, P.O. Box 2930, Austin, Tex. 78769. Tel. 512-444-9611. Established by state legislature to provide back-up source for windstorm insurance in high risk area (14 coastal counties).

***Texas Insurance Advisory Association,** Tom B. Lee, general manager, P.O. Box 15, Austin, Tex. 78782. Tel. 512-444-9611. Insurers' organization to advise the State Insurance Board on property forms, rates, rating procedures and coverages.

***Texas Medical Liability Insurance Underwriting Association,** James A. Johnston, CPCU, general manager, 200 One La Costa, 1016 La Posada Dr., Austin, Tex. 78752. Tel. 512-452-4370. Established by legislature to provide source for medical malpractice insurance.

***Texas Workers' Compensation Assigned Risk Pool,** James A. Johnston, CPCU, general manager, 200 One La Costa, 1016 La Posada Dr., Austin, Tex. 78752. Tel. 512-458-9181. Provides workers' compensation insurance when unavailable through commercial channels.

Underwriters' Laboratories, Inc. Jack Bono, president, 207 East Ohio St., Chicago, Ill. 60611. Tel 312-272-8800. Investigates and tests electrical materials and other products to determine that fire prevention and protection standards are being met.

Underwriters Salvage Company of Chicago, Christopher Knowlef, chairman of the board, 1400 Busse Rd., Elk Grove Village, Ill. 60007. Tel. 312-437-8181. Assists insurers in adjustment of losses through the reclamation, reconditioning and disposition of damaged goods.

***Washington Insurance Council,** Foster Cronyn, president, 1218 Third Ave., Seattle, Wash. 98101. Tel. 206-624-3927. Provides education and information services to the public and to insurance companies, producer organizations and other professional insurance groups.

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